

# Exhibit A

# **Mandatory Stand-Up Talk: All Employees**

**July 10, 2020**

## **Pivoting For Our Future**

- The Postal Service has a long history of service to the nation, and we take pride in our ability to deliver mail and packages efficiently, timely, and safely.
- Right now, we are at a critical juncture in our organization and must make immediate, lasting, and impactful changes in our operations and in our culture.
- This operational pivot is long overdue and today, we are talking about the first step in a journey we must take together, for the health and stability of the Postal Service.
- Every single employee will receive this information, no matter what job they perform, so remember that YOU are an integral part of the success we will have – again, by working together.
- The initial step in our pivot is targeted on transportation and the soaring costs we incur, due to late trips and extra trips, which costs the organization somewhere around \$200 million in added expenses.
- The shifts are simple, but they will be challenging, as we seek to change our culture and move away from past practices previously used.
- Specific examples of transportation changes being implemented immediately (today):
  - ✓ All operations must meet our 24-hour clock commitment
  - ✓ All trips will depart on time (Network, Plant and Delivery); late trips are no longer authorized or accepted
  - ✓ Extra trips are no longer authorized or accepted
  - ✓ There must be proper annotation in the scanner, if a Contractor Failure occurs
  - ✓ All PVS/HCR drivers must be notified that trips depart on time.
  - ✓ Function 4 must start on time and end on time and we must make scheduled DUT
  - ✓ Carriers must begin on time, leave for the street on time, and return on time
  - ✓ Carriers must make the final dispatch of value; no additional transportation will be authorized to dispatch mail to the Plant after the intended dispatch
  - ✓ The right mail must go on the right truck – every time
  - ✓ ALL EMPLOYEES have an essential role with trips departing on time.
- One aspect of these changes that may be difficult for employees is that – temporarily – we may see mail left behind or mail on the workroom floor or docks (in P&DCs), which is not typical.
- We will address root causes of these delays and adjust the very next day.
- Any mail left behind must be properly reported, and employees should ensure this action is taken with integrity and accuracy.

- As we adjust to the ongoing pivot, which will have a number of phases, we know that operations will begin to run more efficiently and that delayed mail volumes will soon shrink significantly.
- More information will be shared as we fully and swiftly implement these strategies.
- You play a direct role in the success of the Postal Service, and your cooperation and teamwork are appreciated.
- This is a critical time for us, when decisive, quick, and meaningful action is needed.
- This operational pivot will ensure we can secure our future as a world-class service provider, improving our performance to fulfill our core mission of service to our customers.
- Thank you for your support and your teamwork.

# Exhibit B





## **PMGs expectations and plan**

The new PMG is looking at COST. Making the USPS financially solvent which we are not at this time. Here are some of HIS expectations and they will be implemented in short order:

- \*POT will be eliminated. This is not cost effective and it will be taken away.**
- \*Overtime will be eliminated. Again we are paying too much in OT and it is not cost effective and will soon taken off the table. More to come on this.**
- \*The USPS will no longer use excessive cost to get the basic job done. If the plants run late they will keep the mail for the next day. If you get mail late and your carriers are gone and you cannot get the mail out without OT it will remain for the next day. It must be reported in CSDRS**



## **continued**

**\*SDO usage will be decreased dramatically. The POOMs and only the POOMs can authorize SDO. Any PM from this point on that uses and SDO on their own will have to answer for it. There is NO SDO USAGE WITHOUT THE POOMS APPROVAL.....PERIOD. If you are one of the many leaders that assist me and feel I will not mind, you are wrong. 100% follow up will taken for using and SDO without permission from me.**

**\*If we cannot deliver all the mail due to call offs or shortage of people and you have no other help, the mail will not go out and you will have to report this in CSDRS.**



## continued

**\*All routes will have no more than 4 park points. We will be moving towards that this summer. Park points are abused, not cost effective and taken advantage of.**

**\* DUOs are on the table again.**

**\*All routes will not start before their DUT. So if you are getting the DUT up late because of the work staff, you will change the start times. The plants are not to send mail late. If the plants are not on time they will hold the mail for the next day. DUTs must be met or you will move your carriers to the DUT. This means we may have carriers starting as late as 0900 in some cases but will not start them any later.**



## **continued**

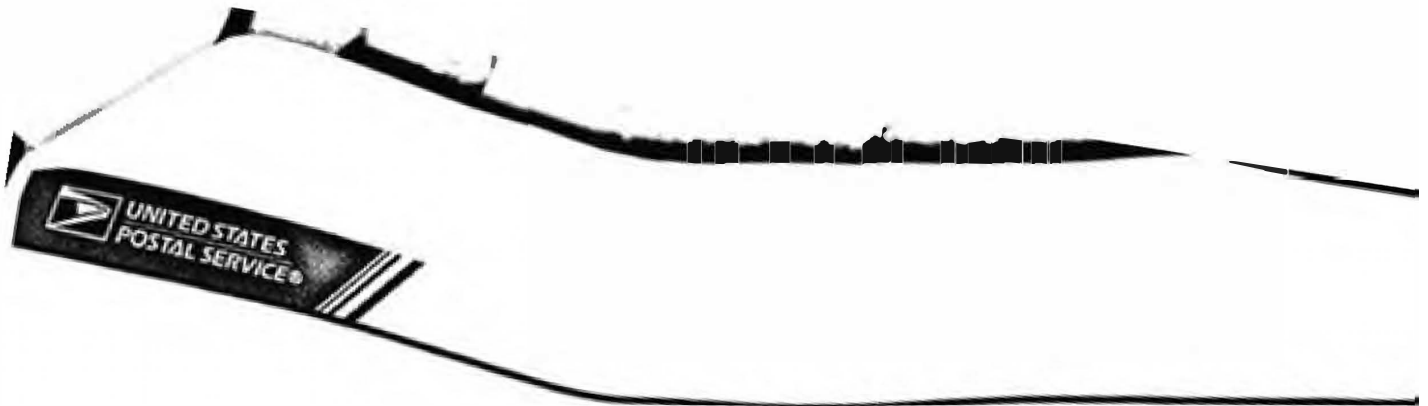
**\*The PMG stated some of the most influential people in the USPS are the DMs, AVPs and Corporate support. These are the people he will be looking at first for savings.**

**\*Level 18 offices that have a customer service window open more than 8 hours you will close for lunch to meet the 8 hour time. Once we get thru the 18s they will be looking at 20s and possibly some 21 offices for the same process. You all have the information so be timely on the submission on the signage and times you are proposing to close.**



## **continued**

All detail, 204, OIC other non approved details will be discontinued. This is all of them. We have people in sales, call centers and so on, they will all be terminated and you will work your form 50 job. We will be filling all EAS vacancies so if you have a vacant job it needs posted and awarded. If you have a job being taken by someone on detail they will be coming back. ALL DETAILS will be terminated.



## **Closing out.**

These are some of the first wave of changes that will be coming to the USPS this year. Many of the changes are good and should have been done years ago. We all need to embrace these changes to keep the USPS in service. The PMG said this:

**We all must have a different mindset to keep the USPS alive.**

He did not say to keep it going with some savings, these changes need to be done to keep the USPS alive. If you think we are beyond untouchable I will remind you of US Steel. In 1975 they were the largest company in the world. They are gone. GM has closed many plant including 2 in Ohio, Packard Electric...gone. Many if not all of these due to those companies not wanting to change and be profitable. You all must be apart of this. Things will change and we need stop thinking like we did decades ago.



# Exhibit C

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Office of Inspector General | United States Postal Service

## Audit Report

# U.S. Postal Service's Processing Network Optimization and Service Impacts

Report Number 19XG013NO000-R20 | June 16, 2020

COLLECTION

TRANSPORTATION

DELIVERY

PROCESSING

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# Highlights

## Objective

Our objective was to determine if the U.S. Postal Service's processing network is operating at optimal efficiency and meeting service standards.

Our fieldwork was completed before the President of the United States issued the national emergency declaration concerning the novel Coronavirus disease outbreak (COVID-19) on March 13, 2020. The results of this audit do not reflect process and/or operational changes that may have occurred as a result of the pandemic.

The Postal Service estimates significant revenue declines due to the COVID-19 pandemic and the resulting economic fallout. Therefore, it is vital that the Postal Service focus on its financial health and address causes for costs increasing at a time when mail volumes decreased.

The Postal Service needs effective and productive operations to fulfill its mission of providing prompt, reliable, and affordable mail service to the American public. The Postal Service also has service standards that specify timeliness targets for delivering mail. As part of its five-year strategic plan, the Postal Service's Optimize Network Platform initiative is responsible for evaluating, right-sizing, and equipping the mail processing infrastructure and transportation networks to increase operating efficiency, reduce costs, and improve reliability.

This is a follow-up audit to the *U.S. Postal Service Processing Network Optimization* (Report Number NO-AR-19-006, dated September 9, 2019) audit and the *Assessment of the U.S. Postal Service's Service Performance and Costs* (Report Number NO-AR-19-008, dated September 17, 2019).

In the prior projects, we found the Postal Service has not decreased processing costs at a rate consistent with the decline in mail volume. As a result, the

***“Our objective was to determine if the U.S. Postal Service's processing network is operating at optimal efficiency and meeting service standards.”***

Postal Service is processing mail with lower productivity for letter, flat, and manual operations. Additionally, even though infrastructure costs have been increasing and volumes are declining, the Postal Service has not met the majority of its service performance targets over the past five years.

This audit was designed to further determine the causes of these operational and service challenges. To do so, we conducted 18 site visits at Processing and Distribution Centers (P&DC) nationwide, with 10 focusing on processing efficiency and eight focusing on service impacts. We observed well performing facilities and those which had performance challenges, and we selected each by analyzing efficiency and service performance metrics for mail processing and transportation operations. In addition, we conducted 24 site visits to delivery units associated with the P&DCs to observe mail processing impacts on delivery and how delays in obtaining collection mail impact mail processing.

## Finding

Although we found certain locations with best practices in place to improve efficiency and performance, generally, the Postal Service's processing network is not operating at optimal efficiency. Additionally, the Postal Service's drive to meet service performance targets has increased costs and inefficiency due to issues with integrating mail processing, transportation, and delivery operations.

## Best Practices

Certain best practices were employed at various locations to increase efficiency and management oversight:

- Senior management communicated processing goals and held daily discussions with front-line managers who were not meeting goals.
- Daily communication and coordination between mail processing and transportation managers that ensured mail was processed and transported timely.
- Front-line managers urgently implemented actions to complete processing operations early and transport mail on a trip prior to the last scheduled transportation trip.



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- Employees took sorted packages to the dock, while the processing operations were still ongoing, in order to have as many mailpieces as possible on the last scheduled transportation trip rather than having them go later on extra trips.
- Signage and documentation posted at each letter processing machine that displayed the Run Plan Generator (RPG), a tool to help manage mail processing operations; identified transportation; and communicated the mail flow to ensure that everyone clearly understood daily plans and goals.

### Processing Productivity

As stated in our prior audit, overall the Postal Service has been less efficient at processing mail each year since fiscal year (FY) 2014, as mail processing workhours have not decreased at a rate consistent with decreased mail volume, while productivity for packages has increased. Meeting service targets has been the overriding goal.

### Service Performance

Generally, management prioritized high-quality service above the financial health of the Postal Service and is making decisions daily to attempt to meet service performance goals that are significantly increasing costs.

During our site visits, we observed that mail processing operations were not completed on time and mail missed its last scheduled transportation trip. In response, management used overtime to finish processing the mail and either delayed the scheduled transportation trip or called for an extra trip, incurring additional costs. Intermediate trips had very little mail, resulting in additional mail (including unsorted mail) going on the last trip. This inundated the delivery units, required expensive manual sorting before routes began, and shortened time to prepare mail for delivery since it came later than planned.

We reviewed FY 2019 nationwide performance metrics and determined that:

- About 17 percent of mail volume was not processed on time to meet its target delivery date;
- The Postal Service did not meet, on average, any of its target goals for completing mail processing operations on time. Of the 11 total indicators, only four were within 5 percentage points of their targets;

- About 20 percent of total transportation trips (or four million trips) left mail processing facilities late;
- About 4 percent of total transportation trips (or 801,000 trips) were extra trips that originated from mail processing facilities;
- About 7 percent of total letter volume was sent to delivery units for manual sorting; and
- Carriers returned after 6:00 p.m. over 7.7 million times (or 18 percent of the time) indicating that they were on the street delivering mail later than planned.

The Postal Service spent \$1.1 billion in mail processing overtime and penalty overtime, \$280 million in late and extra transportation, and \$2.9 billion in delivery overtime and penalty overtime costs in FY 2019. Even with these significant additional costs, the Postal Service only met service performance targets for five (or 15 percent) of the 33 mail products in FY 2019.

Transportation and delivery operations can also impact the timely completion of mail processing operations when mail arrives late to the processing facility from other facilities or delivery units. We reviewed nationwide performance metrics in FY 2019 and determined that about 594,000 containers arrived late, about six million transportation trips (or 32 percent of total trips) arrived late into mail processing facilities, and about 704,000 extra transportation trips to mail processing facilities occurred.

We evaluated the causes of these decreases in operational efficiency and service performance and can attribute them, at least in part, to management oversight issues and lack of employee availability.

### Management Oversight Issues

Management oversight was an issue for front-line and senior managers. Front-line managers were short-staffed by 219 positions (or about 4.9 percent). Further, during FY 2019, about 4,600 employees acted in supervisory roles and were not required to have the same training as full-time supervisors. Additionally, in FY 2019, the average tenure of more senior managers, including plant managers and managers, in-plant support, was about three years. Of those managers, almost 23 percent had been in their positions for a year or less.

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Lastly, during our site visits, we observed management not using all available tools to properly manage operations. For example, front-line managers were not using the RPG and actual start and/or completion times of mail processing operations typically varied from the plan by two hours or more at the sites visited.

Additionally, since FY 2014, the Postal Service has increased its total operating expense (TOE) budget by \$7 billion (or 11 percent) despite decreasing mail volume. However, even with these increases, 135 mail processing facilities (or about 51 percent) were over their planned TOE.

Further, individualization of mail processing facilities (lack of standardization) makes it very challenging to analyze performance of the Postal Service network. Mail processing facilities vary in the type and amount of mail processed, facility square footage, and the number of processing machines used. Additionally, there are different processing end times and last transportation times for each delivery unit that the processing facility serves, depending on how far away the delivery units are. The Postal Service does not have an automated system to evaluate how well processing and transportation are meeting those times or to ensure the planned times are appropriate and updated as needed.

### Employee Availability

In FY 2019, mail processing operations were short-staffed by about 1,250 career employees (or 1.6 percent), according to the Postal Service's staffing tool. An additional 1,050 mail processing employees (or 1.4 percent) went an entire year without working due to various reasons such as sick leave, leave without pay (LWOP), or workers' compensation.

Furthermore, over 80 percent of mail processing managers did not meet the employee availability target rate of 94.82 percent for FY 2019. On average 5,500 career employees (or 7 percent) were unavailable each day due to the use of sick leave, LWOP, or absence without leave.

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***“In total, we estimate that addressing the issues identified in this report would allow the Postal Service an opportunity to increase efficiency by reducing about 9.2 million workhours, or \$385.6 million.”***

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Correcting the causes of low productivity will help reduce costs, increase operational efficiency, and better support the Postal Service's strategic plan to optimize its network platform. In total, we estimate that addressing the issues identified in this report would allow the Postal Service an opportunity to increase efficiency by reducing about 9.2 million workhours, or \$385.6 million.

### Recommendations

We recommended management:

- Implement best practices identified during site visits to increase operational efficiency and management oversight nationwide.
- Create a program to develop emerging leaders into potential front-line managers and require all acting managers to participate.
- Ensure front-line managers use the RPG to manage mail processing operations.
- When the impacts of COVID-19 begin to subside, develop a plan, with milestones and measurable goals, to increase staff availability, including applying standard operating procedures to address employees out for significant periods of time.
- Develop an automated system to monitor performance of the integration among processing, transportation, and delivery operations.



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# Transmittal Letter



OFFICE OF INSPECTOR GENERAL  
UNITED STATES POSTAL SERVICE

June 16, 2020

**MEMORANDUM FOR:** DR. JOSHUA D. COLIN  
ACTING VICE PRESIDENT PROCESSING AND  
MAINTENANCE OPERATIONS

E-Signed by Inspector General  
VERIFY authenticity with eSign Desktop  
*Darrell E. Benjamin, Jr.*

**FROM:** Darrell E. Benjamin, Jr.  
Deputy Assistant Inspector General  
for Mission Operations

**SUBJECT:** Audit Report – U.S. Postal Service's Processing  
Network Optimization and Service Impacts  
(Report Number 19XG013NO000-R20)

This report presents the results of our audit of the U.S. Postal Service's Processing  
Network Optimization and Service Impacts.

We appreciate the cooperation and courtesies provided by your staff. If you have any  
questions or need additional information, please contact Todd J. Watson, Director,  
Network Processing, or me at 703-248-2100.

Attachment

cc: Postmaster General  
Corporate Audit Response Management

U.S. Postal Service's Processing Network Optimization and Service Impacts  
Report Number 19XG013NO000-R20

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# Results

## Introduction/Objective

This report presents the results of our self-initiated audit of the U.S. Postal Service's Processing Network Optimization and Service Impacts (Project Number 19XG013NO000). Our objective was to determine if the Postal Service's processing network is operating at optimal efficiency and meeting service standards.

## Background

The Postal Service needs effective and productive operations to fulfill its mission of providing prompt, reliable, and affordable mail service to the American public. As part of its five-year strategic plan, the Postal Service's Optimize Network Platform initiative is responsible for evaluating, right-sizing, and equipping the mail processing infrastructure and transportation networks to increase operating efficiency, reduce costs, and improve reliability.

With electronic diversion and a decline in First-Class Mail — its most profitable product — the Postal Service is processing, transporting, and delivering more packages as part of its mail mix, which typically costs more than letters or flats to process, transport, and deliver. This changing mail mix is helpful to understanding the Postal Service's costs.

The Postal Service generally processes mail in five interdependent phases which have timelines for moving mail from one phase to the next (see [Figure 1](#)). These timelines (outlined below) help the Postal Service prepare for each phase and process, transport, and deliver mail to meet service standards.

1. Collections/Acceptance — collecting mail from all induction points which include blue collection boxes, retail units, businesses, and residences. Customers who mail in bulk can also induct their mail at various locations.
2. Originating Mail Processing — sorting of mail originating within a facility's boundary. Mail destined within the same boundary will be sent to delivery after processing and mail not destined within the same boundary is sent to another Postal Service facility for additional processing.

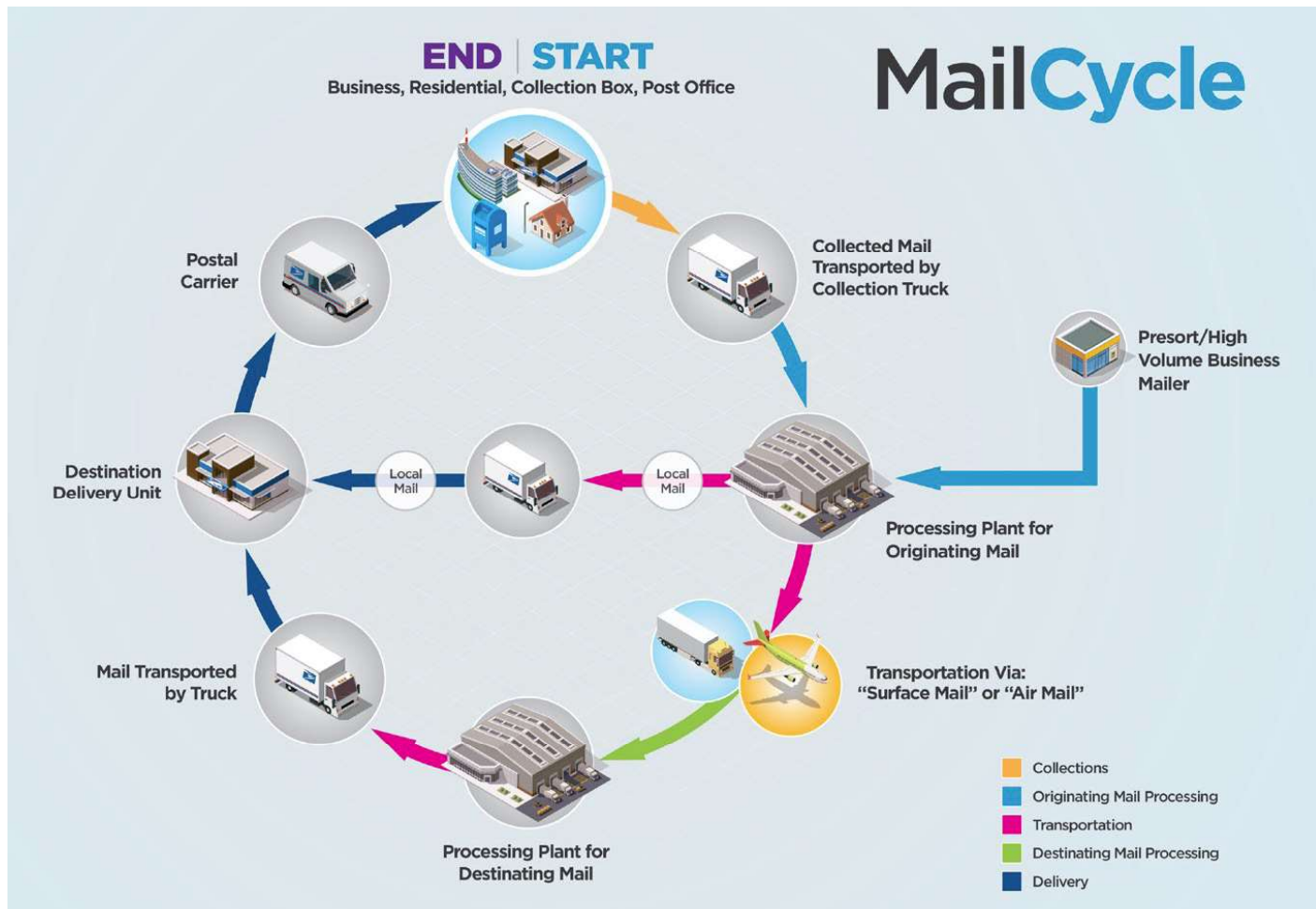
***“The Postal Service generally processes mail in five interdependent phases which have timelines for moving mail from one phase to the next.”***

3. Transportation — moving mail between facilities. The Postal Service transports mail primarily by contract air and truck using both Postal Service and contracted transportation.
4. Destinating Mail Processing — sorting of mail destinating within a facility's boundary for delivery.
5. Delivery — delivering mail to the final address.

The Postal Service is subject to a universal service obligation to ensure all customers receive a minimum level of service at a reasonable price. Service standards specify timeliness targets for delivering mail after receiving it from a customer and service performance targets for each mail product measure achievement based on how much mail met service standards.

This is a follow-up audit to the *U.S. Postal Service Processing Network Optimization* (Report Number NO-AR-19-006, dated September 9, 2019) audit and the *Assessment of the U.S. Postal Service's Service Performance and Costs* (Report Number NO-AR-19-008, dated September 17, 2019). In the *U.S. Postal Service Processing Network Optimization* audit, we found the Postal Service had not achieved planned cost savings nor decreased processing costs at a rate consistent with the decline in mail volume. As a result, the Postal Service is processing mail with lower productivity for letter, flat, and manual operations.

In the *Assessment of the U.S. Postal Service's Service Performance and Costs* audit, we found even though infrastructure costs have been increasing and volumes are declining, the Postal Service has not met the majority of its service performance targets over the past five years. Specifically, over the last five years,

**Figure 1. Postal Service Mail Cycle**

Source: U.S. Postal Service Office of Inspector General (OIG) analysis based on fiscal year (FY) 2018 *Annual Compliance Determination Report*.

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the Postal Service only met annual service performance targets more than once for four (or 13 percent) of the 31 mail products. In addition, we surveyed about 1,500 plant managers<sup>1</sup>, in-plant support managers<sup>2</sup>, transportation managers, and postmasters to determine, based on their experience, the causes of Postal Service not meeting service standards.

The 744 managers who responded to the survey identified the main causes of service failure as:

- Missent Mail
- Late Trucks to Delivery Units
- Employee Availability
- Untrained Employees/Managers
- Mail Processing Operations Not Completed On Time

This audit was designed to further determine the causes of these operational and service challenges. To do so, we determined causes of late trucks, employee availability, untrained employees/managers, and mail processing operations not being completed on time.<sup>3</sup> We conducted 18 site visits at 16 Processing and Distribution Centers (P&DC) nationwide, 10 focusing on processing efficiency and eight focusing on service impacts. This included lower performing facilities and better performing facilities to determine potential best practices (see Table 1).

***“We conducted 18 site visits at 16 P&DCs nationwide, 10 focusing on processing efficiency and eight focusing on service impacts.”***

**Table 1. Facilities Selected for Review**

Area	Facility (P&DC)	Scope of Review	Better/Lower Performer <sup>4</sup>
Capital Metro	Atlanta, GA	Service Impacts	Lower
	Northern VA	Efficiency	Lower
	Richmond, VA	Efficiency	Lower
Eastern	Cincinnati, OH	Service Impacts	Lower
	Cleveland, OH	Efficiency	Lower
	Pittsburgh, PA	Efficiency	Better
Great Lakes	Chicago, IL	Service Impacts	Lower
	Detroit, MI	Efficiency	Lower
Northeast	Hartford, CT	Service Impacts	Better
	NY Morgan, NY	Efficiency	Lower
Pacific	Los Angeles, CA	Efficiency and Service Impacts <sup>5</sup>	Lower
Southern	North Texas, TX	Efficiency and Service Impacts <sup>5</sup>	Lower
	West Palm Beach, FL	Efficiency	Better
Western	Des Moines, IA	Efficiency	Lower
	Las Vegas, NV	Service Impacts	Better
	Salt Lake City, UT	Service Impacts	Better

Source: OIG analysis.

- <sup>1</sup> Plant managers are responsible for managing implementation of programs to improve productivity and reduce costs including systems to collect, track, and measure operational and equipment performance data.
- <sup>2</sup> Managers, in-plant support, are responsible for managing the review and evaluation of local operations, ensuring that service and quality goals are met, and working with local managers to improve operations and procedures.
- <sup>3</sup> While missent mail is not discussed in this audit, during site observations we saw packages being sorted into the incorrect bin and letter trays with incorrect tray labels. We plan to conduct additional work on missent mail in the future.
- <sup>4</sup> We determined lower performing and better performing facilities by analyzing efficiency and service performance metrics for both mail processing and transportation operations (e.g., delayed mail; 24-Hour Clock Indicators; late, extra, and cancelled trips; productivity; staffing; employee availability; service scores; and overtime) compared to nationwide averages.
- <sup>5</sup> We performed efficiency and service impact reviews for the Los Angeles and North Texas P&DCs during two separate site visits.

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In addition, we conducted 24<sup>6</sup> site visits to delivery units to observe mail processing impacts on delivery and how delays in obtaining collection mail impact mail processing.

Our audit focused on efficiencies and service performance in the following mail processing operations: automated letters, flats, packages, and bundles; and manual processing (see Table 2). See [Appendix A](#) for additional details.

**Table 2. Labor Distribution Code (LDC)<sup>7</sup> Descriptions and Definitions**

LDC	Description	Definition
11	Automated Distribution Letters	All non-supervisory workhours used in the automated processing of letters on equipment.
12	Automated/Mechanized Flats	All non-supervisory workhours used in the automated/mechanized processing of flats on equipment.
13	Package Processing	All non-supervisory workhours used in the mechanized processing of packages, non-machinable outsides, small parcels, bundles, and sacks on mechanized equipment.
14	Manual Distribution	All non-supervisory workhours used in the manual distribution of letters, flats, and packages.

Source: Handbook M-32, *Management Operating Data System (MODS)*, dated September 2018; and Handbook F-2, *Functional Management*, dated September 2019.

Our fieldwork was completed before the President of the United States issued the national emergency declaration concerning the novel Coronavirus disease outbreak (COVID-19) on March 13, 2020. The results of this audit do not reflect process and/or operational changes that may have occurred as a result of the pandemic.

The Postal Service estimates significant revenue declines due to the COVID-19 pandemic and the resulting economic fallout. Therefore, it is vital for the

Postal Service to focus on its financial health and address causes for costs increasing at a time when mail volumes decreased.

### Finding #1: Optimization of Efficiency and Service Performance

Although we found certain locations with best practices in place to improve efficiency and performance, generally, the Postal Service's processing network is not operating at optimal efficiency. Additionally, the Postal Service's drive to meet service performance targets has resulted in increased costs and inefficiency due to issues with the integration of mail processing, transportation, and delivery operations.

#### Best Practices

Certain best practices were employed at various locations to increase efficiency and management oversight:

- Senior management communicated processing goals and held daily discussions with front-line managers who were not meeting goals. At the West Palm Beach P&DC, plant management stated the facility has been pushing efficiency and will discuss performance with supervisors every two hours.
- Daily communication and coordination between mail processing and transportation managers that ensure mail was processed and transported timely. At the Las Vegas P&DC, we observed an informal meeting between mail processing managers and transportation managers, saw mail processing managers walking the dock and transportation managers walking near the

***“The Postal Service's drive to meet service performance targets has resulted in increased costs and inefficiency due to issues with the integration of mail processing, transportation, and delivery operations.”***

<sup>6</sup> We selected three delivery units for each of the eight facilities visited as part of the service impact review.

<sup>7</sup> The Postal Service compiles workhour, workload, and other reports for management's use by functional category or LDC. An LDC is a 2-digit code that identifies major work assignments of employees.

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processing machines to verify that mail was being transported timely, and heard many announcements over the public address system calling for mail to be brought to the docks. This led to mail being processed and transported timely to meet scheduled transportation.

- Front-line managers urgently implemented actions to complete processing operations early and transport mail on a trip prior to the last scheduled transportation trip. At the Salt Lake P&DC, we observed front-line managers proactively splitting volume between machines when necessary to meet the last scheduled transportation trip. This led to mail being processed and transported timely to meet scheduled transportation.
- Employees took sorted packages from manual operations prior to completing mail operations to meet the last scheduled transportation trip and avoid later extra trips. At the Atlanta P&DC, we observed facility employees clearing the manual package sorting operation prior to completion to ensure mail departed on the last scheduled transportation trip. This also ensured that the delivery units were not flooded with packages on later extra trips.
- Signage and documentation posted at each letter processing machine that displayed the Run Plan Generator (RPG), a tool to help manage mail processing operations; identified transportation; and communicated the mail flow to ensure that everyone clearly understood daily plans and goals. At the West Palm Beach P&DC, we observed signage hanging from the ceiling at the letter processing machines that contained the planned mail processed, both the earliest and latest dispatch times, and the various bin numbers where the mail to be run on the machines were located (see Figure 6). This ensured everyone clearly understood what the plans and goals were for each day.

**Figure 6. West Palm Beach P&DC Letter Machine Signage**



Source: OIG photographs taken October 8, 2019 at 7:31 p.m., 7:43 p.m., and 9:34 a.m., respectively.

### Processing Productivity

As stated in our prior audit<sup>8</sup>, overall the Postal Service has been less efficient at processing mail each year since fiscal year (FY) 2014, as mail processing workhours have not decreased at a rate consistent with decreased mail volume. From FY 2014 to FY 2019, Postal Service mail processing productivity<sup>9</sup> has decreased in letters, flats, and manual processing. Specifically:

- Letter processing productivity decreased by 6 percent – letter mail volume declined by about 12 percent, while processing workhours only decreased by about 6 percent and overtime workhours increased by 42 percent.
- Flats processing productivity decreased by about 18 percent – flat mail volume declined by about 22 percent, while workhours only decreased by about 5 percent and overtime workhours increased by 46 percent.
- Manual processing, or pieces processed manually<sup>10</sup>, productivity decreased by 21 percent – mail processed manually declined by about 24 percent while workhours only decreased by about 3 percent and overtime workhours increased by 49 percent.

<sup>8</sup> U.S. Postal Service Processing Network Optimization (Report Number NO-AR-19-006, dated September 9, 2019).

<sup>9</sup> Total pieces processed per hour. Productivity is calculated by dividing volume by workhours.

<sup>10</sup> Includes letter, flat, and package mail.



Conversely, package productivity increased by about 67 percent. Package volume increased by about 56 percent, while workhours decreased by about 7 percent and overtime workhours increased by about 27 percent (see Table 3).

**Table 3. Volume, Workhours, Overtime, and Productivity from FY 2014 to FY 2019 by Mail Product**

	Mail Product	Volume (Billions)	Workhours (Millions)	Overtime (Thousands)	Productivity
Letters	FY 2014	296.7	38.1	3,832	7,788
	FY 2019	261.8	35.8	5,460	7,304
	Percentage Difference	-11.78%	-5.93%	42.48%	-6.22%
Flats	FY 2014	19.4	8.1	684.6	2,404
	FY 2019	15.2	7.7	997	1,980
	Percentage Difference	-21.67%	-4.89%	45.64%	-17.64%
Manual	FY 2014	11.2	20.3	2,043.3	550
	FY 2019	8.5	19.7	3,054.1	433
	Percentage Difference	-23.60%	-2.96%	49.47%	-21.27%
Packages	FY 2014	4.3	30.4	3,248.4	143
	FY 2019	6.8	28.5	4,115.1	238
	Percentage Difference	55.93%	-6.55%	26.68%	66.86%

Source: MODS and OIG analysis.

Further, in FY 2019, only two facilities, or about 1 percent of all mail processing facilities, met their Mail Processing Variance (MPV)<sup>11</sup> productivity targets. On average, mail processing facilities were 34 percent below their productivity targets. The top 10 percent most efficient facilities were below targets by about 14 percent, while the bottom 10 percent least efficient facilities were about 52 percent below targets. See [Figure 2](#) for the most and least efficient mail processing facilities. See [Appendix B](#) for additional details.

***“Further, in FY 2019, only two facilities, or about 1 percent of all mail processing facilities, met their MPV productivity targets.”***

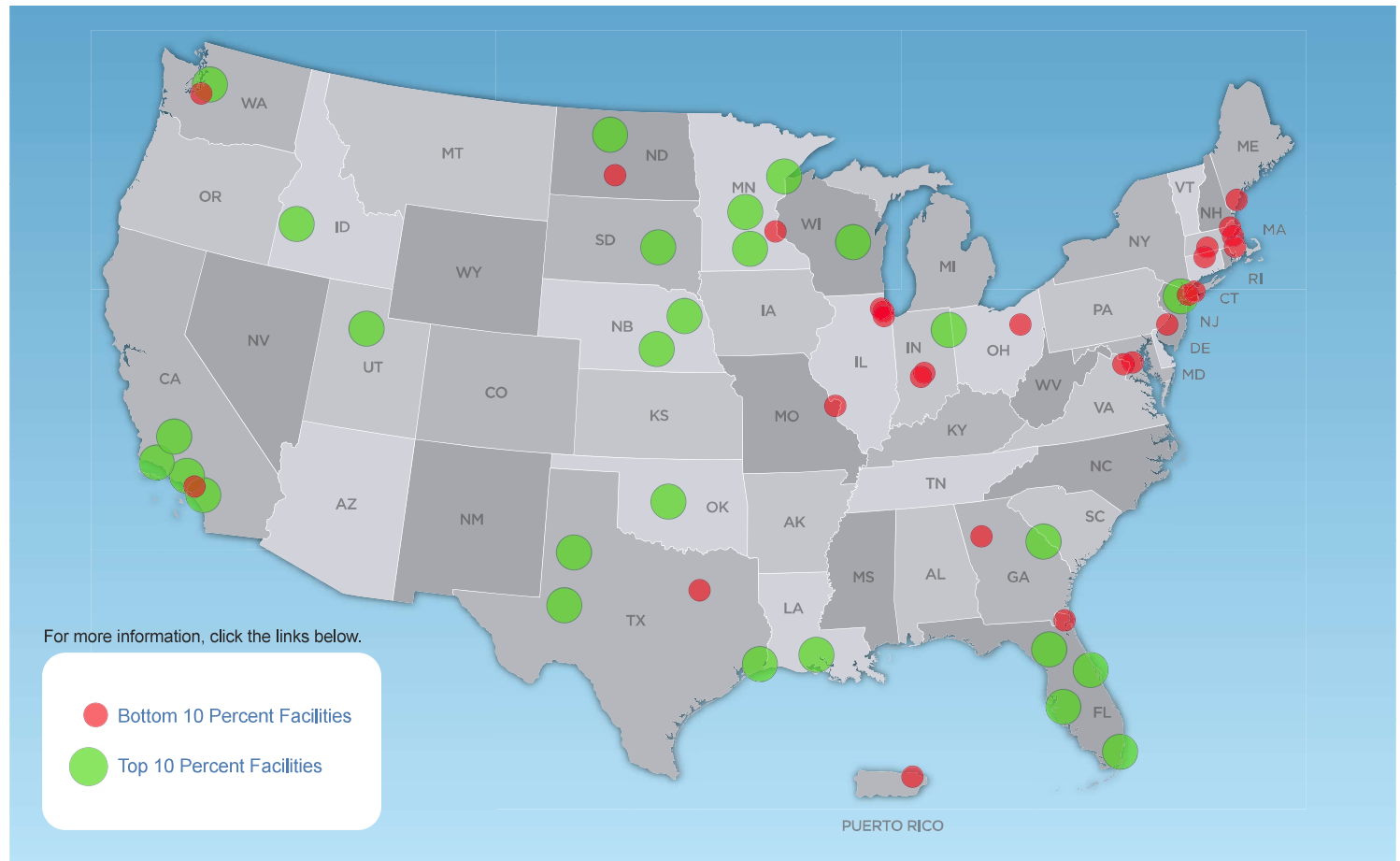
<sup>11</sup> The Postal Service established its MPV model to measure annual mail processing operational performance and efficiency for all facilities. The MPV model provides workhour, workload, and productivity analysis and calculates performance using target productivities.

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[BACK to COVER](#)**Figure 2. Most and Least Efficient Mail Processing Facilities**

Source: MPV.

Note: This map displays the most and least efficient mail processing facilities compared to their FY 2019 targets. The larger the circle shown, the more efficient the facility compared to its targets.

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[↩ BACK to COVER](#)**Service Performance**

Generally, management prioritized high-quality service above the financial health of the Postal Service<sup>12</sup> and are making decisions daily to meet service performance goals that are significantly increasing costs.

At five of the eight facilities we visited, we observed that mail processing operations were not completed on time to meet established clearance times<sup>13</sup> and mail missed the last scheduled transportation trip. In response, management used overtime to finish processing the mail and either delayed the scheduled transportation trip or called for an extra trip, incurring additional

costs. Intermediate trips, used to transport mail from the processing facility to the delivery unit as it is processed, had very little mail. This resulted in additional mail (including mail that requires additional sorting at delivery units) going out on the last trip from the facility. This inundated the delivery units, required expensive manual sorting before routes began, and shortened the time the units had to prepare mail for delivery since it came later than planned. Furthermore, we observed mail that could have been sorted by delivery point sequence<sup>14</sup> (DPS) being sent to the delivery units not sequenced because it did not get processed on time. This required delivery personnel to manually sort the mail at an additional expense (see Table 4).

**Table 4. Summary of Mail Processing's Impact on Downstream Operations During Site Observations**

Facility (P&DC)	Mail Processing Completed by Clearance Time <sup>15</sup>	Mail Met Last Scheduled Transportation	Percentage of Outbound Late or Extra Trips <sup>16</sup>	Average Length of Time Mail Arrived Late to Delivery Units Observed	Percentage of Letter Mail that Required Additional Sortation at Delivery Units Observed <sup>17</sup>
<b>Lower Performing Sites</b>					
Atlanta	No	No	38%	1 hour 30 minutes	12%
Chicago	No	No	23%	1 hour 09 minutes	11%
Cincinnati	No	No	12%	1 minute	8%
Los Angeles	No	No	19%	37 minutes	5%
North Texas	No	No	39%	3 hours 55 minutes	13%
<b>Better Performing Sites</b>					
Las Vegas	Yes	Yes	4%	0 minutes	7%
Hartford	Yes	Yes	6%	36 minutes	6%
Salt Lake City	Yes	Yes	14%	0 minutes	6%

Source: OIG site observations conducted from January 6 through February 6, 2020; Surface Visibility, and Enterprise Data Warehouse (EDW).

<sup>12</sup> According to our survey of about 1,500 plant managers, in-plant support managers, transportation managers, and postmasters, in the *Assessment of the U.S. Postal Service's Service Performance and Costs* report (Report Number NO-AR-19-008, dated September 17, 2019).

<sup>13</sup> The latest time that mail can pass through an operation to make proper dispatch.

<sup>14</sup> An automated process of sorting mail by carrier routes into delivery order, eliminating the need for carriers to sort mail manually in the delivery unit prior to their departure to routes.

<sup>15</sup> During the observations, the audit team saw letters, flats, and/or package operations. Clearance times and last scheduled transportation trips were identified as met if the facilities completed operations and departed timely to delivery units.

<sup>16</sup> This includes all outbound late and extra transportation.

<sup>17</sup> The amount of mail is self-reported and only includes city routes.

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The following are examples of the inefficiencies and integration issues observed during our site visits and the impact they had on transportation and delivery operations:

- During our site visits at the North Texas P&DC, from January 7-9, 2020, we observed mail processing not being completed until one to two hours after established clearance times and last scheduled transportation trips, despite the use of over 3,400 overtime workhours. This resulted in scheduled transportation trips departing with almost no mail (see Figure 3) and 264 extra transportation trips. Expeditors stated this occurs daily because mail processing does not clear the mail on time. We observed an extra trip arrive at a delivery unit two hours after carriers departed to the street. This resulted in carriers losing about 40 minutes per route returning to the delivery unit to retrieve the mail for delivery.

**Figure 3. North Texas P&DC Last Scheduled Transportation Trip to a Delivery Unit**



Source: OIG photograph taken January 9, 2020 at 5:23 a.m., of the last scheduled transportation trip sent to a delivery unit with only three containers of mail. An additional 22 containers of mail were transported to the delivery unit on an extra trip once mail processing was completed about five hours later.

<sup>18</sup> The Postal Service reports mail processing delays when mail is not processed on time to meet its established delivery or when mail is processed but not on the dock on time for scheduled transportation to delivery units.

- During our site visits at the Atlanta P&DC, from January 28-30, 2020, we observed mail processing not being completed by established clearance times and last scheduled transportation trips. The facility's manual package processing operation was not completed until several hours after the last scheduled transportation trips. In response, management used about 3,000 overtime workhours to finish processing the mail, delayed 46 scheduled transportation trips, and called 49 extra trips, incurring additional costs. Furthermore, we observed over 30,000 mailpieces that could have been sorted by DPS being sent to two delivery units not sequenced because it did not get processed on time. See Figure 4 for examples of mail that required additional sortation at delivery units. As a result, at a delivery unit we observed, management stated that they received six grievances from rural carriers because they were sorting more mail daily than expected for that route.

**Figure 4. Atlanta P&DC Letter Mail That Required Additional Sortation at Delivery Units**



Source: OIG photographs taken on January 30, 2020, at 4:12 a.m., 4:14 a.m., and 12:48 a.m., respectively.

We also reviewed FY 2019 nationwide performance metrics and determined that Postal Service operations were routinely not completed as designed:

- Over 48.5 billion mailpieces (or about 17 percent of all mail processed) were not processed on time<sup>18</sup> in FY 2019.

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- According to the Postal Service's 24-Hour Clock Indicators<sup>19</sup>, it did not meet, on average, any of its target goals for completing mail processing operations on time. Of the 11 total indicators, only four were within 5 percentage points of their targets (see Table 5).

**Table 5. Comparison of FY 2019 24-Hour Clock Indicators to Target**

Mail Class	24-Hour Clock Indicator	Target	Average Percentage Achieved	Number of Days Target Met	Total Number of Days
████	██	██	██	█	██
████	██	██	██	██	██
████	██	██	██	█	██
████	██	██	██	█	██
████	██	██	██	█	██
First-Class	Managed Mail Program <sup>23</sup> Cleared by 3:00 p.m.	95%	88%	0	365
First-Class	Cancelled <sup>24</sup> by 8:00 p.m.	80%	44%	9	342
First-Class	Outgoing Primary <sup>25</sup> Cleared by 12:00 a.m.	95%	91%	60	365
First-Class	Outgoing Secondary <sup>26</sup> Cleared by 12:30 a.m.	95%	77%	1	365
First-Class	Mail Assigned Commercial/FedEx by 2:30 a.m.	95%	91%	34	365
First-Class	DPS 2nd Pass Cleared by 5:00 a.m.	95%	94%	233	365

Source: Service and Field Operations Performance Measurements, 24-Hour Clock &amp; Key Operational Indicators, and OIG calculations.

- About 20 percent of total transportation trips (or four million trips) left mail processing facilities late.
- About 4 percent of total transportation trips (or 801,000 trips) were extra trips that originated from mail processing facilities.
- About 7 percent of total letter volume was sent to delivery units for manual sorting.
- Carriers returned after 6:00 p.m. over 7.7 million times (or about 18 percent of the time), indicating that they were on the street delivering mail later than planned.

<sup>19</sup> The Postal Service developed 24-Hour Clock indicators to help manage mail flow to achieve optimal service and efficiency while ensuring national consistency in processes. Generally, the indicators measure how much mail is processed in each operation by the desired clearance times.

<sup>20</sup> Mail products that require no advanced preparation, sortation, or barcoding.

<sup>21</sup> Local mail, called turn-around mail, is processed in the incoming operations for delivery.

<sup>22</sup> Incoming mail arriving to a processing facility for delivery.

<sup>23</sup> A distribution system where First-Class Mail for a specific ZIP Code span is massed at a facility for distribution and dispatch.

<sup>24</sup> To make a live postage stamp (except a precanceled stamp) unusable, usually at the point of original entry into the mailstream.

<sup>25</sup> A sort plan in which outgoing mail (collection and business mail entry unit mail) is sorted to facilities, states, large cities, or foreign countries.

<sup>26</sup> A sort plan in which mail is sorted in an outgoing primary operation but needs further sortation.

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In FY 2019, the Postal Service spent \$1.1 billion in mail processing overtime and penalty overtime, \$280 million in late and extra transportation, and \$2.9 billion in delivery overtime and penalty overtime costs. Even with these significant additional costs, the Postal Service did not meet the majority of its service performance targets. Specifically, it met targets for only five (or 15 percent) of the 33 mail products (see [Appendix C](#) for additional details). In FY 2018, the Postal Service met three (or about 10 percent) of the 31 mail products' service performance targets.

In addition, transportation and delivery operations can impact mail processing's ability to complete operations timely. Specifically, when collection mail from delivery units arrives late, or when the transportation of mail from another processing facility arrives late, it can impact mail processing's ability to meet established clearance times. We reviewed nationwide performance metrics in FY 2019 and determined that:

- 594,158 containers of mail arrived late into mail processing facilities.
- About six million transportation trips (or 32 percent of total trips) arrived late to mail processing facilities.
- An additional 704,000 extra transportation trips were sent to mail processing facilities.

We evaluated the causes of decreased operational efficiency and service performance and found that these issues can be attributed, at least in part, to management oversight issues and employee availability.

***“In FY 2019, the Postal Service spent \$1.1 billion in mail processing overtime and penalty overtime, \$280 million in late and extra transportation, and \$2.9 billion in delivery overtime and penalty overtime costs.”***

### Management Oversight Issues

Postal Service management identified untrained managers and inadequate oversight as main causes of decreased operational efficiency and service performance. During our site visits, we identified 12 facilities with inadequate oversight causing decreased operational efficiency.

Management oversight was an issue, in part, due to front-line managers being short-staffed by 219 positions (or about 4.9 percent). During FY 2019, about 4,600 employees acted in supervisory roles and were not required to have the same training as full-time supervisors. Of those employees, 982 (21 percent of acting managers) had been acting six months or longer. During a site visit at one facility, senior management stated that service performance was being impacted due to being short-staffed by eight front-line managers and not having potential candidates to fill the positions.

***“During our site visits, we identified 12 facilities with inadequate oversight causing decreased operational efficiency.”***

### Turnover and Tenure

Inadequate management oversight was also an issue due to turnover and instability at the senior management level. In FY 2019, the average tenure of plant managers and managers, in-plant support, was about three years. Of those managers, almost 23 percent had been in their positions for a year or less. One example of where this issue was evident was at the Cincinnati P&DC in the Ohio Valley District. The Plant Manager was recently made permanent in November 2019 and the Transportation Manager and Manager, in-plant support, were acting in their positions. In addition, the District Manager was in the process of being made permanent and the Senior Plant Manager was also in an acting role.

### Available Tools

During our site visits, management did not make use of all available tools to properly manage operations. Specifically, front-line managers were not using



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the RPG. However, senior management communicated that they and the front-line managers use the RPG to properly manage mail processing activities.<sup>27</sup> The RPG helps manage mail processing operations by combining site-specific mail processing machines, sort programs, maintenance requirements, mail volume, and the rate at which machines process mail to project daily machine run plans. Beginning mail processing operations too early may not allow for an

adequate amount of mail to arrive at the facility potentially impacting efficiency. Completing mail processing operations too late may lead to missed clearance times potentially impacting service. Based on our analysis, actual start and/or completion times of mail processing operations typically varied from the plan by two hours or more at the sites visited (see Table 6).

**Table 6. Mail Processing Machine Operations Compared to Plan**

Facility (P&DC)	Number Of Processing Machines	Percentage <sup>28</sup> Of Machines That Varied From Plan By Less Than 30 Minutes	Percentage <sup>28</sup> Of Machines That Varied From Plan Between 30 Minutes to 2 Hours	Percentage <sup>28</sup> Of Machines That Varied From Plan By Over 2 Hours
Cleveland	57	28%	37%	35%
Des Moines	22	14%	27%	59%
Detroit	36	6%	25%	69%
Los Angeles	76	28%	16%	57%
North Texas	50	6%	30%	64%
Northern Virginia	29	0%	7%	93%
NY Morgan	61	5%	10%	85%
Pittsburgh	53	26%	15%	59%
Richmond	45	31%	20%	49%
West Palm Beach	35	9%	29%	63%

Source: Web End-of-Run (WebEOR).

### Budgets

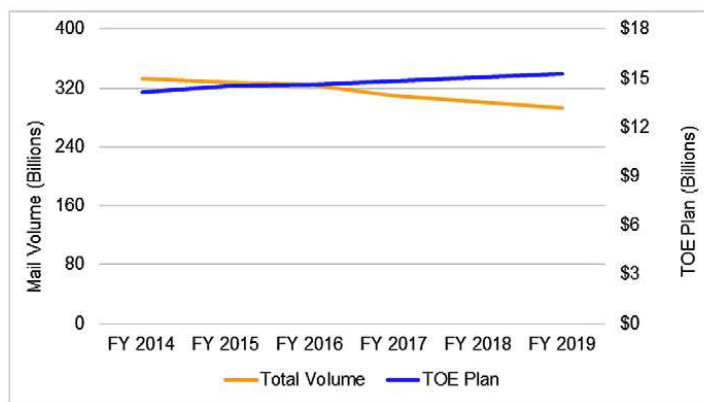
In addition, area vice presidents, district managers, and plant managers are responsible for planning, budgeting, and monitoring performance against their operating expense budgets.<sup>29</sup> Since FY 2014, the Postal Service has increased national total operating expense (TOE) budgets by \$7 billion (or 11 percent)

including increasing planned mail processing TOE by about \$1.2 billion (or 8 percent) despite decreasing mail volume (see Figure 5). However, even with these increases, 135 mail processing facilities (or about 51 percent) were over their planned TOE.

<sup>27</sup> In January 2020, the Postal Service implemented an RPG scorecard to monitor RPG compliance nationwide. As this was recently implemented and still in development, we did not review it as part of our ongoing audit.

<sup>28</sup> Percentages may not total 100 due to rounding.

<sup>29</sup> Handbook F-2, Section 2-3, Postal Service Field: Area, District, and Plant Managers, dated July 2014.

**Figure 5. Volume to Planned TOE**

Source: EDW and MODS.

**Standardization**

Further, individualization of mail processing facilities (lack of standardization) makes it very challenging to analyze Postal Service network performance. Mail processing facilities vary in the type and amount of mail processed, facility square footage, and the number of processing machines used. Specifically, 58 facilities process only letters, flats, or packages; 82 facilities process two mail types; and 130 facilities process all mail types. In addition, mail processing facilities' square footage ranged from about 39,600 to 1.4 million square feet and the number of mail processing machines at facilities ranged between 1 and 98 (see Table 7).

**Table 7. Mail Processing Facilities by Mail Process, Number of Machines, and Square Footage**

Mail Type	Number of Facilities That Process Mail	Number of Processing Machines	Amount of Mail Processed	Mail Processing Facility Square Footage
Letters Only	19	1–61	120 million–4.1 billion	45K–473K
Flats Only	1	4	113 million	237K
Packages Only	38	1–8	250K–178 million	44K–720K
Two Mail Types Only	82	2–70	675K–4.4 billion	41K–1.4 million
All Mail Types	130	5–98	98 million–5.6 billion	40K–1.3 million

Source: Mail Processing Equipment Watch, EDW, and OIG analysis.  
Note: For the ranges within the table, "K" represents thousands.

Additionally, there are different processing end times and last transportation times for each delivery unit the processing facility serves, depending on how far away the delivery units are. The Postal Service does not have an automated system to evaluate how well processing and transportation are meeting those times or to ensure the planned times are appropriate and updated as needed.

**Employee Availability**

Postal Service management identified staffing and employee availability as main causes of decreased operational efficiency and service performance. During site observations, 15 facilities identified these same main causes.

In FY 2019, mail processing operations were short-staffed by about 1,250 career employees (or 1.6 percent) according to the Function 1 Scheduler<sup>30</sup>. An additional 1,050 mail processing employees (or 1.4 percent) went an entire year<sup>31</sup> without

<sup>30</sup> A modeling tool the Postal Service uses at mail processing facilities nationwide to create job assignments for mail processing operations by employee labor code. The tool considers mail volume, the number and type of mail processing machines, transportation schedules, and productivity.

<sup>31</sup> This includes employees who started an entire year of not working prior to the beginning of FY 2019 but extended into FY 2019.

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working due to various reasons such as sick leave, leave without pay (LWOP), or workers' compensation.

Furthermore, over 80 percent of mail processing managers did not meet the employee availability target rate of 94.82 percent for FY 2019<sup>32</sup>. On average 5,500 career employees, or 7 percent, were unavailable each day due to the use of sick leave, LWOP, or absence without leave. At the Cleveland P&DC, plant management stated that they have an extreme call-in issue and a correlation between call-ins and sporting events. For example, when the Cleveland Browns had a Sunday night football game on September 22, 2019, the facility had 193 employees on leave (or about 25 percent), with 103 call-ins, of all employees scheduled to work.

***“Furthermore, over 80 percent of mail processing managers did not meet the employee availability target rate of 94.82 percent for FY 2019.”***

In addition, during FY 2019, mail processing facilities had a turnover rate of about 8 percent for career employees and about 3 percent for non-career employees. With each employee who leaves, management needs to hire and train a new employee. Each new onboarding potentially impacts productivity and service due to fewer trained employees being available for mail processing operations.

Correcting the causes of low productivity will help reduce costs, increase operational efficiency, and better support the Postal Service's strategic plan to optimize its network platform. For all processing facilities with LDCs 11, 12, and 14, we compared mail processing facilities' MPV productivity to the national average MPV productivity. If a mail processing facility was below national average MPV productivity, there was an opportunity for the facility to increase its efficiency in these LDCs. In total, we estimate that addressing the issues identified in this

report would allow the Postal Service an opportunity to increase efficiency by reducing about 9.2 million workhours, or \$385.6 million (see Table 8).

**Table 8. Reduced Workhours and Costs Associated with Improved Efficiency**

LDC	Description	Workhours Reductions	Workhour Rate	Savings
11	Automated Distribution - Letters	3,220,394	\$41.54	\$133,776,690
12	Automated/Mechanized - Flats	1,164,343	\$44.89	52,271,609
14	Manual Distribution	4,811,001	\$41.48	199,549,201
<b>Total</b>		<b>9,195,739</b>	<b>--</b>	<b>\$385,597,500</b>

Source: MPV, Labor Utilization Report, and OIG analysis.

#### **Recommendation #1**

We recommend the **Acting Vice President, Processing and Maintenance Operations**, implement best practices identified during site visits to increase operational efficiency and management oversight nationwide.

#### **Recommendation #2**

We recommend the **Acting Vice President, Processing and Maintenance Operations**, create a program to develop emerging leaders into potential front-line managers and require the participation of all acting managers.

#### **Recommendation #3**

We recommend the **Acting Vice President, Processing and Maintenance Operations**, ensure front-line managers use the Run Plan Generator to manage mail processing operations.

<sup>32</sup> Our fieldwork was completed before the President of the United States issued the national emergency declaration concerning COVID-19 on March 13, 2020. The results of this audit do not reflect process and/or operational changes that may have occurred as a result of the pandemic.

**Recommendation #4**

We recommend the **Acting Vice President, Processing and Maintenance Operations**, when the impacts of COVID-19 begin to subside, develop a plan, with milestones and measurable goals, to increase staff availability, including applying standard operating procedures to address employees out for significant periods of time.

**Recommendation #5**

We recommend the **Acting Vice President, Processing and Maintenance Operations**, develop an automated system to monitor performance of the integration among processing, transportation, and delivery operations.

**Management's Comments**

Management generally agreed with the finding and calculations used to determine the monetary impact; agreed with recommendations 1, 3, 4, and 5; and partially agreed with recommendation 2. See [Appendix D](#) for management's comments in their entirety.

Regarding recommendation 1, management stated they will ensure compliance with the use of RPG by operational floor managers and supervisors and will replicate projects to directly affect messaging of information to the craft level, including posting RPG planned volumes and start and end times at machine work areas. The target implementation date is July 31, 2020.

Regarding recommendation 2, management stated they do not believe it is feasible or reasonable that all acting managers obtain training, as some are only used to cover for infrequent and often unforeseen situations. However, management agreed to require training for long-term acting managers and has developed two additional secondary development programs for acting,

new, and existing managers to improve their knowledge skills and abilities in workroom floor planning and management. The target implementation date is September 30, 2020.

Regarding recommendation 3, management stated they are overseeing the development of three distinct compliance tracking tools for headquarters, area, district, and plant use that provide detailed performance analysis of RPG actual to plan performance. The target implementation date is July 31, 2020.

Regarding recommendation 4, management stated they will develop a standard operating procedure with Standard Work Instructions to assist the field in addressing employee availability performance. The target implementation date is September 30, 2020.

Regarding recommendation 5, management stated they have partnered with the Vice President, Delivery Operations, to jointly create a Voice of the Process (VOP)/Volume Arrival Profile (VAP) tool to review performance of integration between plant, delivery, and transportation operations. These tools provide a daily recap of operational clearance, carrier returns, and transportation between plant and delivery operations, and will be used to improve overall operations. The target implementation date was June 8, 2020.

Regarding the monetary impact, while management agreed with the general calculation used to determine the potential workhour savings for the bottom performing sites compared to national averages, they stated the calculation should also account for the top performing sites that performed above the national average and many sites have local constraints that prevent them from reaching the national averages.

### Evaluation of Management's Comments

The OIG considers management's comments responsive to the recommendations and corrective actions should resolve the issues identified in the report.

Regarding recommendation 2, the Postal Service's proposed corrective action requires long-term acting managers to obtain training, but not those who are on short-term assignment. The OIG considers this alternative action to be responsive to the recommendation.

Regarding the monetary impact, our calculation focused on the opportunities available for each facility below the national average to increase its efficiency. We consider our approach conservative as we excluded any facilities that we determined to be outliers (any facility that was two or more standard deviations<sup>33</sup> from the average) from the national average calculation.

All recommendations require OIG concurrence before closure. Consequently, the OIG requests written confirmation when corrective actions are completed. Recommendations 1 through 4 should not be closed in the Postal Service's follow-up tracking system until the OIG provides written confirmation that the recommendations can be closed. We consider recommendation 5 closed with the issuance of this report.

<sup>33</sup> Standard deviation is a number used to tell how measurements for a data set are spread out from the mean, or average. A low standard deviation means that most of the numbers are close to the average. A high standard deviation means that the numbers are more spread out.



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## Appendix A: Additional Information

### Scope and Methodology

The scope of this audit was nationwide efficiency and service performance impacts in the Postal Service during FY 2019. In addition, for comparison, we trended data from FY 2014.

To accomplish our objective, we:

- Performed site observations to determine efficiency measures used, causes of inefficiencies, and best practices.
- Determined if there are areas in the processing network the Postal Service has standardized.
- Performed site observations to determine where the most frequent failures occur in mail processing and identify best practices.
- Observed how delays in mail processing impact transportation and delivery operations.
- Identified costs associated with mail processing management interventions to meet service.

- Analyzed 24-Hour Clock Indicators, mail processing delays, and late and extra transportation for FY 2019.
- Analyzed mail processing complement, employee availability, productivity, and service performance for FY 2019.

We conducted this performance audit from August 2019 through June 2020 in accordance with generally accepted government auditing standards and included such tests of internal controls as we considered necessary under the circumstances. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our finding and conclusions based on our audit objective. We discussed our observations and conclusions with management on March 26, 2020, and included their comments where appropriate.

We assessed the reliability of EDW, MODS, Surface Visibility, Informed Visibility, MPV, Mail Processing Equipment Watch, WebEOR, and Workforce by interviewing agency officials knowledgeable about the data and reviewing related documentation. We determined that the data were sufficiently reliable for the purposes of this report.

### Prior Audit Coverage

Report Title	Objective	Report Number	Final Report Date	Monetary Impact (in millions)
<i>Assessment of the U.S. Postal Service's Service Performance and Costs</i>	Analyze service performance and cost trends of the Postal Service over the last five years.	<a href="#">NO-AR-19-008</a>	9/17/2019	None
<i>U.S. Postal Service Processing Network Optimization</i>	Evaluate trends and practices the U.S. Postal Service uses to optimize its processing network.	<a href="#">NO-AR-19-006</a>	9/9/2019	None
<i>Mail Processing Overtime</i>	Assess the Postal Service's management of mail processing overtime during FY 2018.	<a href="#">NO-AR-19-005</a>	6/13/2019	\$358
<i>Operational Window Change Savings</i>	Determine if the Postal Service achieved its projected savings for the OWC.	<a href="#">NO-AR-19-001</a>	10/15/2018	None

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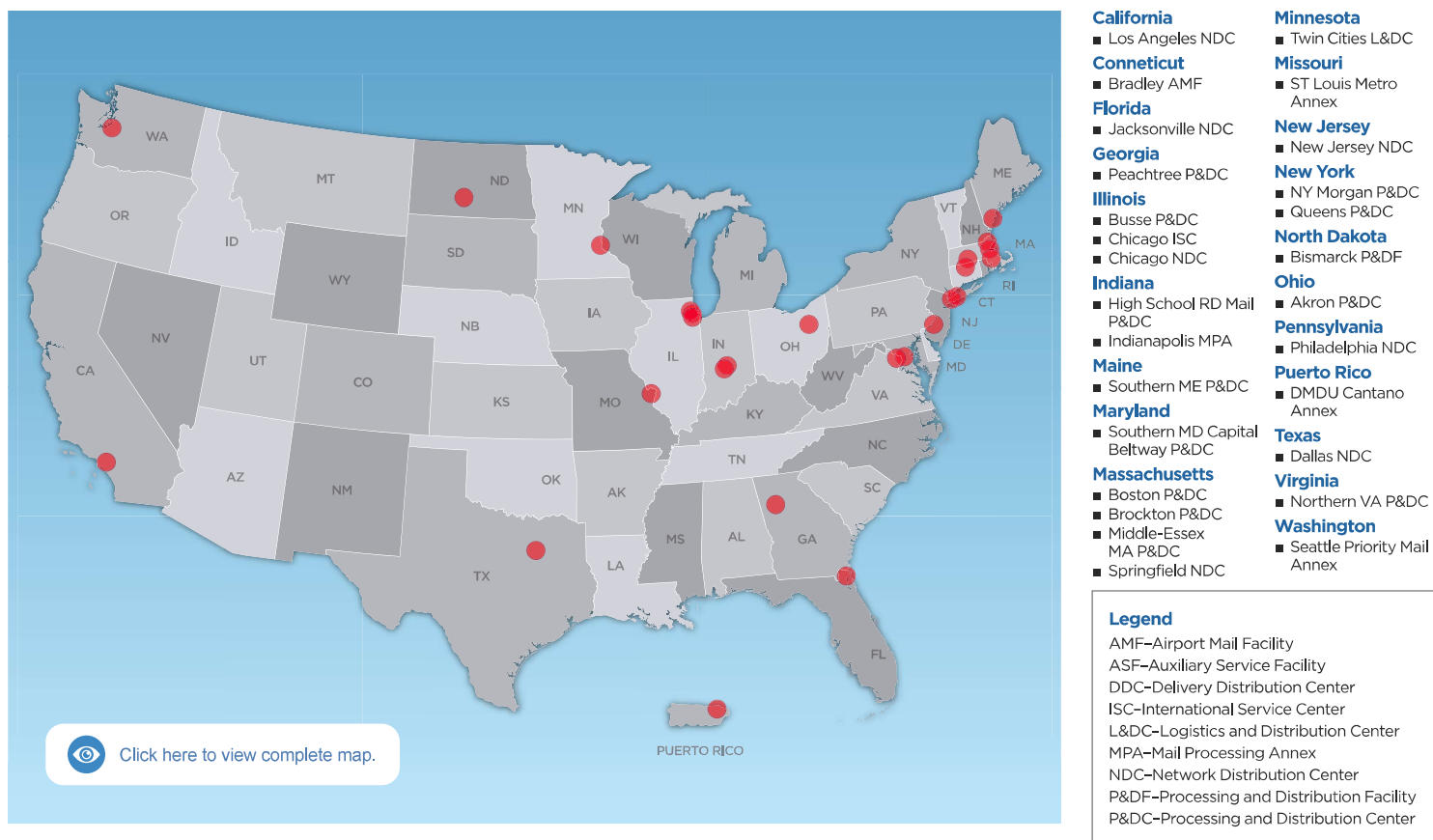
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Report Title	Objective	Report Number	Final Report Date	Monetary Impact (in millions)
<i>First-Class Mail Service Performance Measurement in the Northeast Area</i>	Evaluate the Postal Service's strategy to improve First-Class Mail service performance scores in the Northeast Area.	<a href="#">NO-AR-18-006</a>	5/22/2018	None
<i>Continuous Improvement of Mail Processing Operations</i>	Evaluate the efficiency of the Postal Service's FY 2015 mail processing operations.	<a href="#">NO-AR-16-012</a>	9/29/2016	\$465
<i>Mail Processing and Transportation Operational Changes</i>	Determine the timeliness of mail processing and transportation since the January 5, 2015, service standard revisions.	<a href="#">NO-AR-16-009</a>	9/2/2016	None

## Appendix B: Most & Least Efficient Mail Processing Facilities

The top 10 percent most efficient facilities were below targets by about 14 percent, while the bottom 10 percent least efficient facilities were about 52 percent below targets. See Figure 7 and Figure 8 for the most and least efficient mail processing facilities.

**Figure 7. Least Efficient Facilities Mail Processing Facilities**

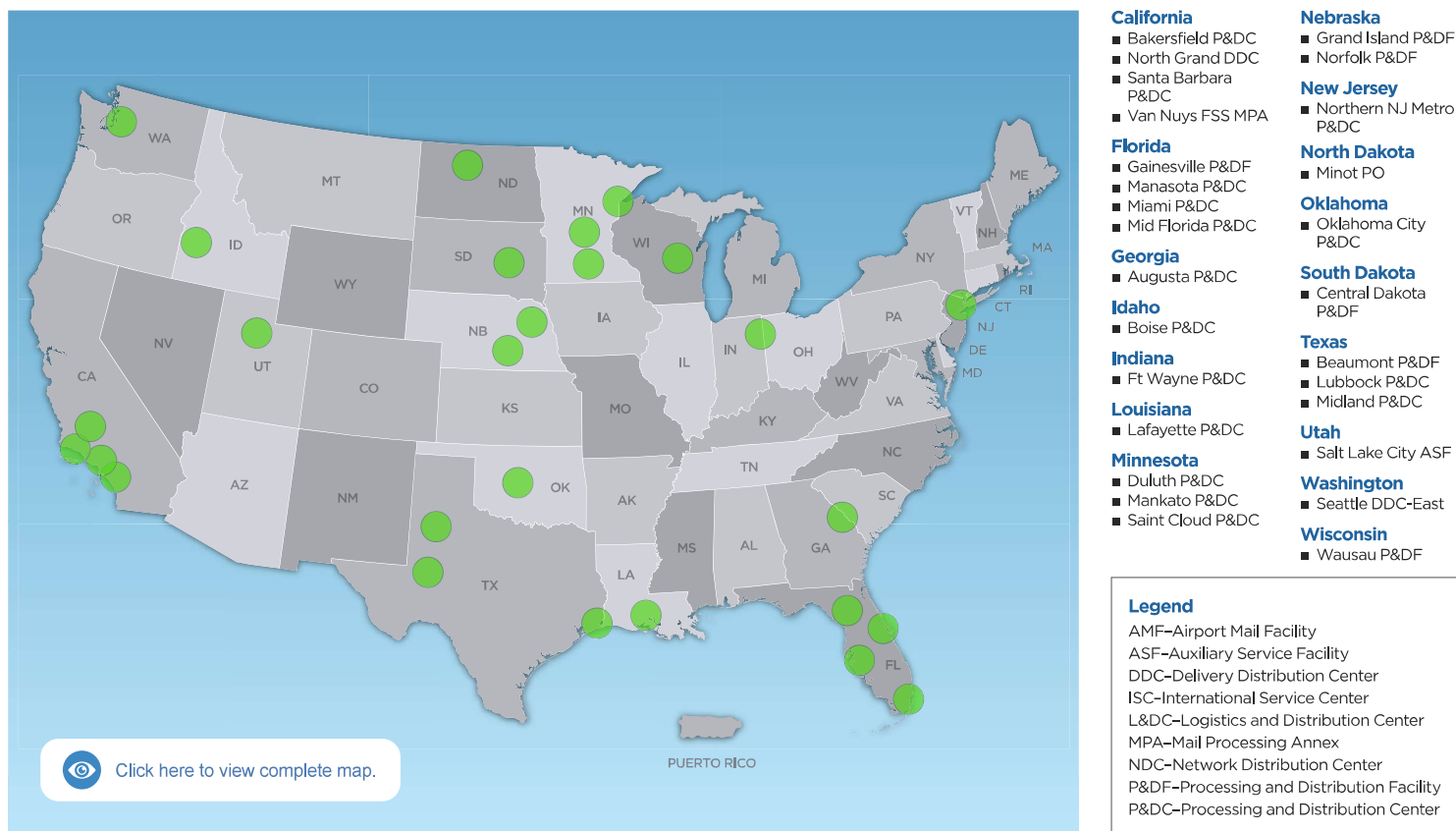


Source: MPV.

Note: This map displays the least efficient mail processing facilities compared to their FY 2019 targets.

U.S. Postal Service's Processing Network Optimization and Service Impacts  
Report Number 19XG013NO000-R20

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[↶ BACK to COVER](#)**Figure 8. Most Efficient Facilities Mail Processing Facilities**

Source: MPV.

Note: This map displays the most efficient mail processing facilities compared to their FY 2019 targets.



## Appendix C. Service Performance Targets

The Postal Service did not meet the majority of its service performance targets in FY 2019. Specifically, it met targets for only five (or 15 percent) of the 33 mail products: Marketing Mail Destination Entry, Destination Sectional Center Facility (DSCF) Letters, Destination Network Distribution Center (DNDC) Letters, Destination Delivery Unit (DDU) Periodicals, and Parcel Select (see Table 9 and [Table 10](#)).

**Table 9. FY 2019 Market Dominant<sup>34</sup> Mail Products Service Performance Scores**

Mail Class	Product	FY 2019 Service Performance	FY 2019 Targets	Percentage Points to Target
First-Class Mail	Overnight Presort	95.57	96.8	-1.23
	2-Day Presort	94.15	96.5	-2.35
	2-Day Single Piece	91.94	96.5	-4.56
	3-5 Day Presort	92.05	95.25	-3.2
	3-5 Day Single Piece	80.44	95.25	-14.81
	3-5 Day Surface	90.64	95.25	-4.61
	Presort Letters	93.15	96	-2.85
	Presort Flats	80.98	96	-15.02
	Single Piece Letters	89.29	96	-6.71
	Single Piece Flats	77.56	96	-18.44
Marketing Mail	End-to-End	66.59	91.8	-25.21
	Destination Entry	92.61	91.8	0.81
	DDU	81.47	91.8	-10.33
	DSCF Letters	93.26	91.8	1.46
	DSCF Flats	89.57	91.8	-2.23
	DNDC Letters	93.22	91.8	1.42
	DNDC Flats	90.21	91.8	-1.59

<sup>34</sup> Products and services for which the Postal Service exercises sufficient market power that it can effectively set prices with limited competition.

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Mail Class	Product	FY 2019 Service Performance	FY 2019 Targets	Percentage Points to Target
Periodicals	End-to-End	78,14	91,8	-13.66
	Destination Entry	87,92	91,8	-3.88
	DDU	91,91	91,8	0.11
	DSCF Flats	87,9	91,8	-3.9
	DNDC Flats	88.26	91,8	-3.54
Package Services	Bound Printed Matter Flats	54,84	90	-35.16

Source: Informed Visibility.

**Table 10. FY 2019 Competitive<sup>35</sup> Mail Products Service Performance Scores**

Mail Class	Product	FY 2019 Service Performance	FY 2019 Targets	Percentage Points to Target
First-Class Packages	2-Day	■	■	■
	3-5 Day	■	■	■
Priority Mail	1-Day Surface	■	■	■
	2-Day Surface	■	■	■
	3-Day Surface	■	■	■
	2-Day Air	■	■	■
	3-Day Air	■	■	■
	Express	■	■	■
	Express	■	■	■
Package Services	Retail Ground	■	■	■
	Parcel Select DDU	■	■	■

Source: Informed Visibility.

<sup>35</sup> A category of Postal Service products and services for which similar products and services are offered by private sector carriers.

## Appendix D: Management's Comments

JOSHUA COLIN, PH.D.  
VICE PRESIDENT  
PROCESSING AND MAINTENANCE OPERATIONS/A



June 8, 2020

LAZERICK POLAND  
DIRECTOR, AUDIT OPERATIONS

SUBJECT: Draft Audit Report Response – US Postal Service Processing  
Network Optimization and Service Impact (Report Number –  
19XG013NO000)

Thank you for providing the Postal Service with the opportunity to review and  
comment on the subject draft report.

**Monetary Impact:**

We agree with the general calculations used to determine the potential workhour  
savings for the bottom performing sites compared with the national average sites  
in Labor Distribution Code (LDC) 11, 12, and 14. However, this calculation does  
not account for the top performing sites that performed above the national  
average in those LDCs. Many of the sites have local constraints that prevent  
them from reaching the national averages for those LDCs.

Following is the management response to the recommendations.

**Recommendation #1:**

We recommend the Acting Vice President, Processing and Maintenance  
Operations, implement best practices identified during site visits to increase  
operational efficiency and management oversight nationwide.

**Management Response/Action Plan:**

We agree with this recommendation. Acting Vice President, Processing and  
Maintenance Operations will ensure compliance with the use of Run Plan  
Generator (RPG's) by operational floor Managers and Supervisors. The Postal  
Service will additionally replicate Lean projects to directly affect messaging of  
information to the craft level (i.e. Posting RPG planned volumes, start and end  
times at machine work areas).

**Target Implementation Date:**

July 31<sup>st</sup> 2020

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WASHINGTON, DC 20260  
202 268-3096

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**Recommendation #2:**

We recommend the Acting Vice President, Processing and Maintenance Operations, create a program to develop emerging leaders into potential front-line managers and require the participation of all acting managers.

**Management Response/Action Plan:**

We partially agree with this recommendation. We do not believe it is feasible or reasonable that all acting managers should require training. There are many acting supervisors and managers that are only used to cover for infrequent and oftentimes unforeseen situations. We would like to recommend this be changed to only long-term acting managers only. Acting Vice President, Processing and Maintenance Operations has approved the final completion of two additional development programs and they are set for implementation summer of 2020. These programs include a Manager of Distribution Operations training and Manager Inplant Support training. These are secondary development programs for acting, new and existing managers to improve their knowledge skills and abilities in workroom floor planning and management. They are designed to be a bridge between the Supervisor training program and the Management Foundation Leadership program to more advanced training such as Plant Manager Development (PDM) and the Advanced Leadership Program. Due to COVID-19, class is being converted from classroom to virtual learning.

**Target Implementation Date:**

September 30<sup>th</sup> 2020

**Recommendation #3:**

We recommend the Acting Vice President, Processing and Maintenance Operations, ensure front-line managers use the Run Plan Generator to manage mail processing operations.

**Management Response/Action Plan:**

We agree with recommendation. The Acting Vice President, Processing and Maintenance Operations has overseen the development of three distinct compliance tracking tools for HQ, Area, District and Plant use that provide detailed performance analysis of RPG actual to plan performance. These tools are developed and housed in an easy-to-access location for all supervisory and management staff and can be printed for workroom floor discussions and posting to craft employees.

**Target Implementation Date:**

July 31<sup>st</sup> 2020

**Recommendation #4:**

We recommend the Acting Vice President, Processing and Maintenance Operations, when the impacts of COVID-19 begin to subside, develop a plan, with milestones and measurable goals, to increase staff availability, including

- 3 -

applying standard operating procedures to address employees out for significant periods of time.

**Management Response/Action Plan:**

We agree with this recommendation. Acting Vice President, Processing and Maintenance Operations will partner with Human Resources and Labor Management to develop a standard Operating Procedure with Standard Work Instructions to assist the field in addressing employee availability performance.

**Target Implementation Date:**

September 30<sup>th</sup> 2020

**Recommendation #5:**

We recommend the Acting Vice President, Processing and Maintenance Operations, develop an automated system to monitor performance of the integration among processing, transportation, and delivery operations.

**Management Response/Action Plan:**

We agree with this recommendation. Acting Vice President, Processing and Maintenance Operations has partnered with the VP of Delivery Operations to jointly create a VOP/VAP tool to review performance with an integration between plant, delivery, and transportation operations. These tools have been undergoing an upgrade into our Informed Visibility infrastructure for wide use of HQ, Area, District and facility. These tools provide a daily recap of operational clearance, carrier returns, and transportation between plant and delivery operations. These tools are currently being used for Area and District daily operations teleconferences to drive the partnership and improvement in overall operations.

VAP: <https://vap.usps.gov/db.cfm>

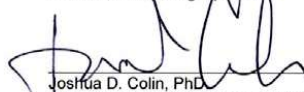
VOP: <https://vop.usps.gov/>

**Target Implementation Date:**

June 8, 2020 (These tools have already been developed).

**Responsible Official:**

Director, Processing Operations



Joshua D. Colin, PhD  
Vice President, Processing and Maintenance Operations/A

cc: Corporate Audit and Response Management



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For media inquiries, contact Agapi Doulaveris

Telephone: 703-248-2286

[adoulaveris@uspsoig.gov](mailto:adoulaveris@uspsoig.gov)



# Exhibit D



## POSTAL NEWS

FOR IMMEDIATE RELEASE  
Aug. 18, 2020

Contact: David Partenheimer  
[david.a.partenheimer@usps.gov](mailto:david.a.partenheimer@usps.gov)  
[usps.com/news](https://usps.com/news)



### Postmaster General Louis DeJoy Statement

WASHINGTON, DC — Postmaster General Louis DeJoy issued the following statement today:

“The United States Postal Service will play a critical role this year in delivering election mail for millions of voters across the country. There has been a lot of discussion recently about whether the Postal Service is ready, willing and able to meet this challenge.

I want to make a few things clear:

The Postal Service is ready today to handle whatever volume of election mail it receives this fall. Even with the challenges of keeping our employees and customers safe and healthy as they operate amid a pandemic, we will deliver the nation’s election mail on time and within our well-established service standards. The American public should know that this is our number one priority between now and election day. The 630,000 dedicated women and men of the Postal Service are committed, ready and proud to meet this sacred duty.

I am announcing today the expansion of our current leadership taskforce on election mail to enhance our ongoing work and partnership with state and local election officials in jurisdictions throughout the country. Leaders of our postal unions and management associations have committed to joining this taskforce to ensure strong coordination throughout our organization. Because of the unprecedented demands of the 2020 election, this taskforce will help ensure that election officials and voters are well informed and fully supported by the Postal Service.

I came to the Postal Service to make changes to secure the success of this organization and its long-term sustainability. I believe significant reforms are essential to that objective, and work toward those reforms will commence after the election. In the meantime, there are some longstanding operational initiatives — efforts that predate my arrival at the Postal Service — that have been raised as areas of concern as the nation prepares to hold an election in the midst of a devastating pandemic. To avoid even the appearance of any impact on election mail, I am suspending these initiatives until after the election is concluded.

I want to assure all Americans of the following:

- Retail hours at Post Offices will not change.
- Mail processing equipment and blue collection boxes will remain where they are.
- No mail processing facilities will be closed.
- And we reassert that overtime has, and will continue to be, approved as needed.

In addition, effective Oct. 1, we will engage standby resources in all areas of our operations,

including transportation, to satisfy any unforeseen demand.

I am grateful for the commitment and dedication of all the men and women of the Postal Service, and the trust they earn from the American public every day, especially as we continue to contend with the impacts of COVID-19. As we move forward, they will have the full support of our organization throughout the election."

# # #

**Please Note:** For U.S. Postal Service media resources, including broadcast-quality video and audio and photo stills, visit the [USPS Newsroom](#). Follow us on [Twitter](#), [Instagram](#), [Pinterest](#), and [LinkedIn](#). Subscribe to the [USPS YouTube channel](#), like us on [Facebook](#) and enjoy our [Postal Posts blog](#). For more information about the Postal Service, visit [usps.com](#) and [facts.usps.com](#)

# Exhibit E



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# LINK

[Link Extra](#)

## Path forward

**PMG addresses restructuring**

Aug. 13 at 4:18 p.m.

*Postmaster General Louis DeJoy distributed the following memo to USPS employees on Aug. 13:*

Today, I am in my ninth week as Postmaster General. I am grateful to everyone who has welcomed me, and I am thoroughly impressed by the dedication and commitment you have shown since I started June 15.

Last week was extremely busy for all of us with the announcement that we are [restructuring into three operating units](#). I purposely timed the announcement with my first open meeting of the Board of Governors to set the stage with public statements emphasizing that we are developing a strategic plan to achieve operational excellence and financial stability. Our plan will be based on facts and data, and together, we can systematically roll out this plan and position ourselves for future success.



*Postmaster General Louis DeJoy*

Let me be clear about the reasons behind our restructuring and the need for our plan. Our financial condition is dire. Ongoing declines in mail volume, a broken business model that Congress and the Postal Regulatory Commission have failed to act upon, and the crippling economic impact of the coronavirus pandemic have all combined to bring us to where we stand today. Our critics are quick to point to our finances, yet they offer no solution. On the other hand, our restructuring and the plan we are developing provide a path to our transformation into a financially stable organization. I repeat again how excited I am to take on these challenges, with your support, to improve the Postal Service and better serve our nation. Together, our leadership team and I are taking aggressive and professional actions to ensure a successful future for the Postal Service.

In order to transform and remain a self-sustaining, mission-focused organization that continues to serve the American people, we must make a number of significant changes that will not be easy, but are necessary. We must re-establish fundamental operating principles and then adhere to them

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and run on time. It is the only path to consistent, affordable service and it is foundational to our future aspirations and objectives. As you know, we began those efforts right away, as it was imperative for us to strengthen these disciplines immediately by running our trips with mail and packages according to established schedules.

I congratulate you on substantial improvements in our on-time dispatch schedule, which reached 97.3 percent, up from 89.8 percent. We also have reduced extra trips by 71 percent — a tremendous achievement. This means more mail is being moved to its intended destination on time and on schedule than in quite some time. And we accomplished this in a cost-effective manner. This marks the beginning of our journey toward world-class performance necessary for us to compete and be sustainable.

Unfortunately, this transformative initiative has had unintended consequences that impacted our overall service levels. However, recent changes are not the only contributing factors. Over the years we have grown undisciplined in our mail and package processing schedules, causing an increase in delayed mail between processing facilities and delivery units. We are working feverishly to stabilize this, so that all mail and packages moved for the American people and businesses can benefit from this new cost and schedule discipline. This will increase our performance for the election and upcoming peak season and maintain the high level of public trust we have earned for dedication and commitment to our customers throughout our history.

I also firmly believe that the realignment we announced last week will ultimately help us to stabilize and improve service and provide positive forward momentum as we work to transform our business. We needed to provide greater focus on the core aspects of our business, and the new structure allows that, with clearer lines of authority and accountability. While it will take some time to get the new organizational structure fully in place and achieving our expected levels of high performance, we are confident that it is the right alignment and that it was a change that needed to be made. As I said in my [first video message](#) to you, “I am decisive, and ... when I see problems, I work to solve them.” I ask you to bear with me while we work through these changes to transform for the better and continue to provide the excellent service for which we are known.

During my [remarks at the Board of Governors meeting](#), I stated that I accepted the job of Postmaster General fully committed to the role of the Postal Service as an integral part of the United States government, providing all Americans with universal and open access to our unrivaled processing and delivery network, as reflected in the mission statement that the board [adopted](#) April 1. I repeat that statement here, because I meant it.

I fully embrace six-day delivery of mail and packages as one of this organization's greatest strengths. I plan to invest in tools and equipment for our workforce to continue to provide the nation's most trusted public service. I accept the responsibility that the governors gave me to maintain and enhance our reputation and role as a trusted face of the federal government in every community, and I intend to work with postal executives, management associations, managers, union leadership, and our craft employees to do everything I can to put us back on a financially stable path.

Together, I am confident we will chart a path forward that allows us to fulfill

Path forward | USPS News Link

our critical public service mission in a financially sustainable manner. I look forward to the challenge, and I know we are up to it.

## Related stories



### USPS restructured PMG announces three operating units

In an effort to operate in a more efficient and effective manner and better serve customers, Postmaster General Louis DeJoy today announced a modified organizational structure for the U.S. Postal Service.

□ 1 month ago



### Transformative process PMG DeJoy outlines USPS strategy

In remarks at his first open session Board of Governors meeting today, Postmaster General Louis DeJoy outlined his strategy for a “transformative process” for the Postal Service.

□ 1 month ago



### USPS finances Third-quarter results reported

The coronavirus pandemic continues to have an unpredictable effect on the Postal Service, the organization’s latest financial report shows.

□ 1 month ago

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# Exhibit F



# SERVICE PERFORMANCE MEASUREMENT

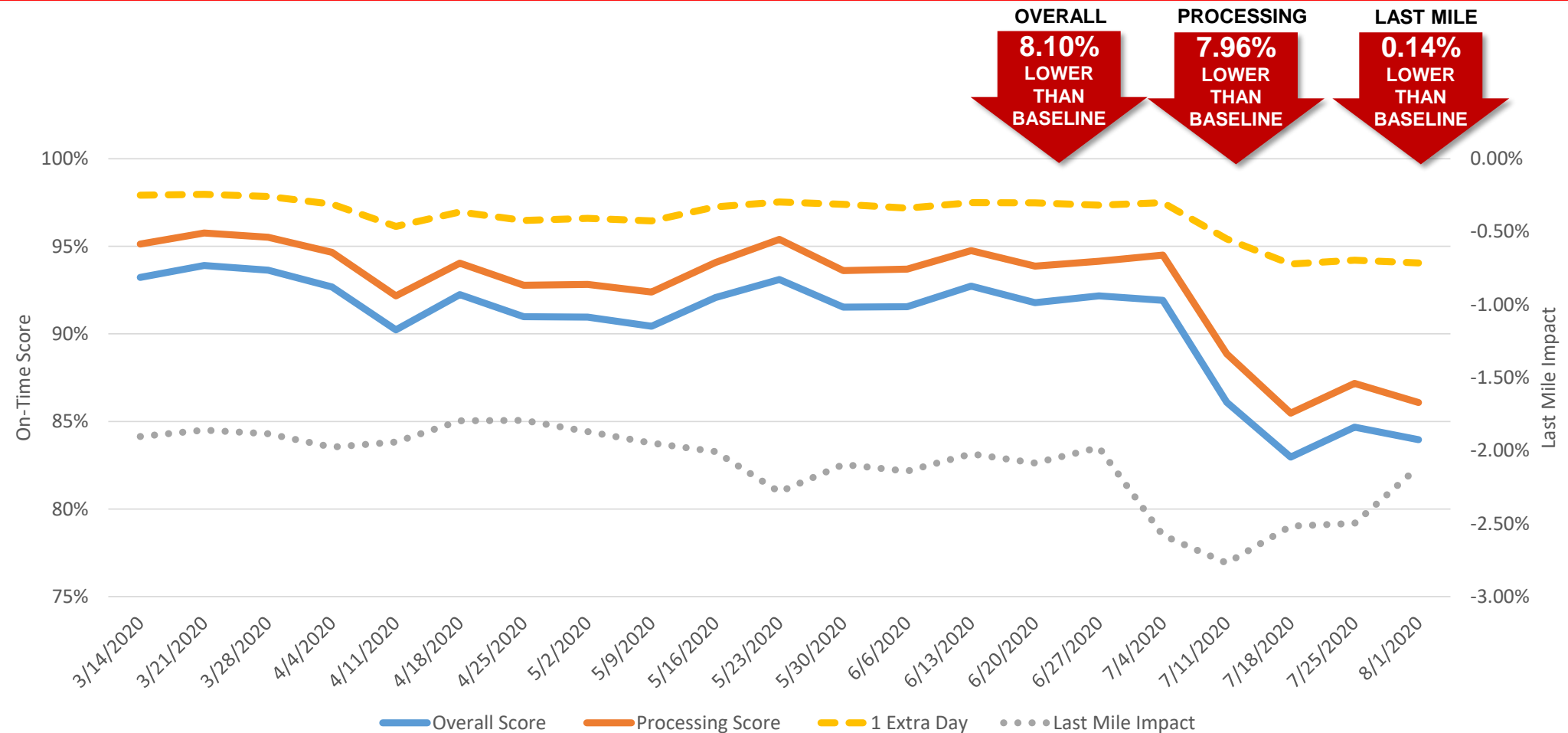
PMG Briefing

August 12, 2020





# Presort First-Class Mail Score Breakdown – Processing vs Last Mile

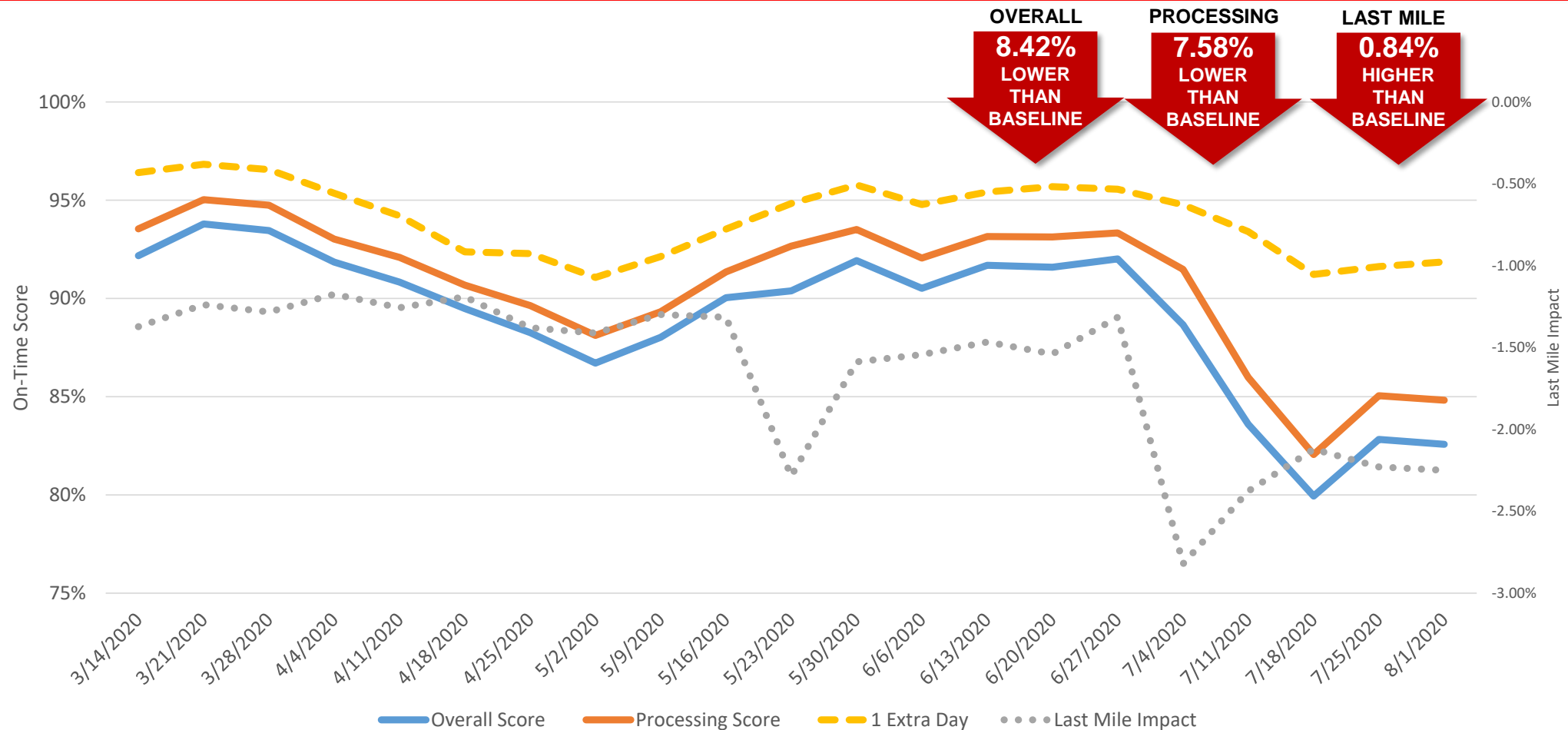


Last Mile Impact represents the score decrease caused by time spent in the last mile (from last processing scan to delivery); Processing score represents service performance from USPS possession to last processing scan at the destination plant measured against the service expectation; Overall score represents service performance from USPS possession to delivery (i.e. it includes the last mile) measured against the service expectation; 1 Extra Day represents the overall score if the mailpiece had 1 extra day to meet service expectations; Scores are NOT weighted and will NOT match the official scores in slide 3 which are weighted.





# USPS Marketing Mail Score Breakdown – Processing vs Last Mile

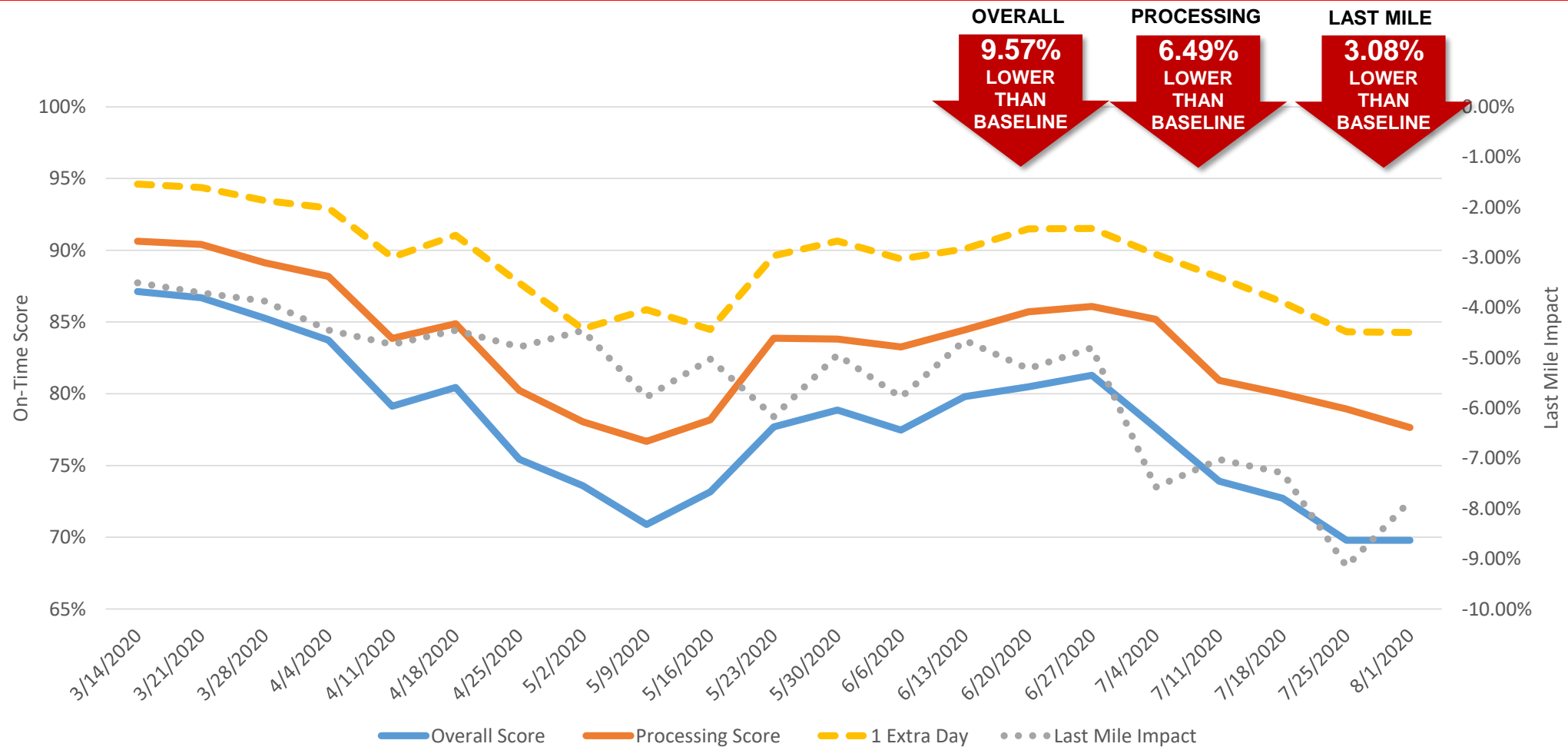


Last Mile Impact represents the score decrease caused by time spent in the last mile (from last processing scan to delivery); Processing score represents service performance from USPS possession to last processing scan at the destination plant measured against the service expectation; Overall score represents service performance from USPS possession to delivery (i.e. it includes the last mile) measured against the service expectation; 1 Extra Day represents the overall score if the mailpiece had 1 extra day to meet service expectations; Scores are NOT weighted and will NOT match the official scores in slide 3 which are weighted.  
**Does not include Saturation and EDDM.**



# Periodicals

## Score Breakdown – Processing vs Last Mile



Last Mile Impact represents the score decrease caused by time spent in the last mile (from last processing scan to delivery); Processing score represents service performance from USPS possession to last processing scan at the destination plant measured against the service expectation; Overall score represents service performance from USPS possession to delivery (i.e. it includes the last mile) measured against the service expectation; 1 Extra Day represents the overall score if the mailpiece had 1 extra day to meet service expectations; Scores are NOT weighted and will NOT match the official scores in slide 3 which are weighted.

# Exhibit G



# CONGRESSIONAL BRIEFING:

Transportation & Service  
Performance Updates

August 31, 2020





# Transportation Performance

Data Through 8/29/20



## Transportation Analysis Overview

**Service Impacts:** USPS transportation and logistics professionals manage an average flow of over 390 million mail pieces daily throughout the Postal Service network, which includes 285 processing facilities and about 35,000 retail locations.

Postal Service facilities are linked by a complex transportation network that depends on the nation's highway, air, rail, and maritime infrastructures. The success of each system affects the success of others. If surface transportation departs late or unscheduled trips are added, the connection between processing facilities, post offices, airlines, and others become misaligned, impacting downstream operations and hindering efforts to meet service performance.

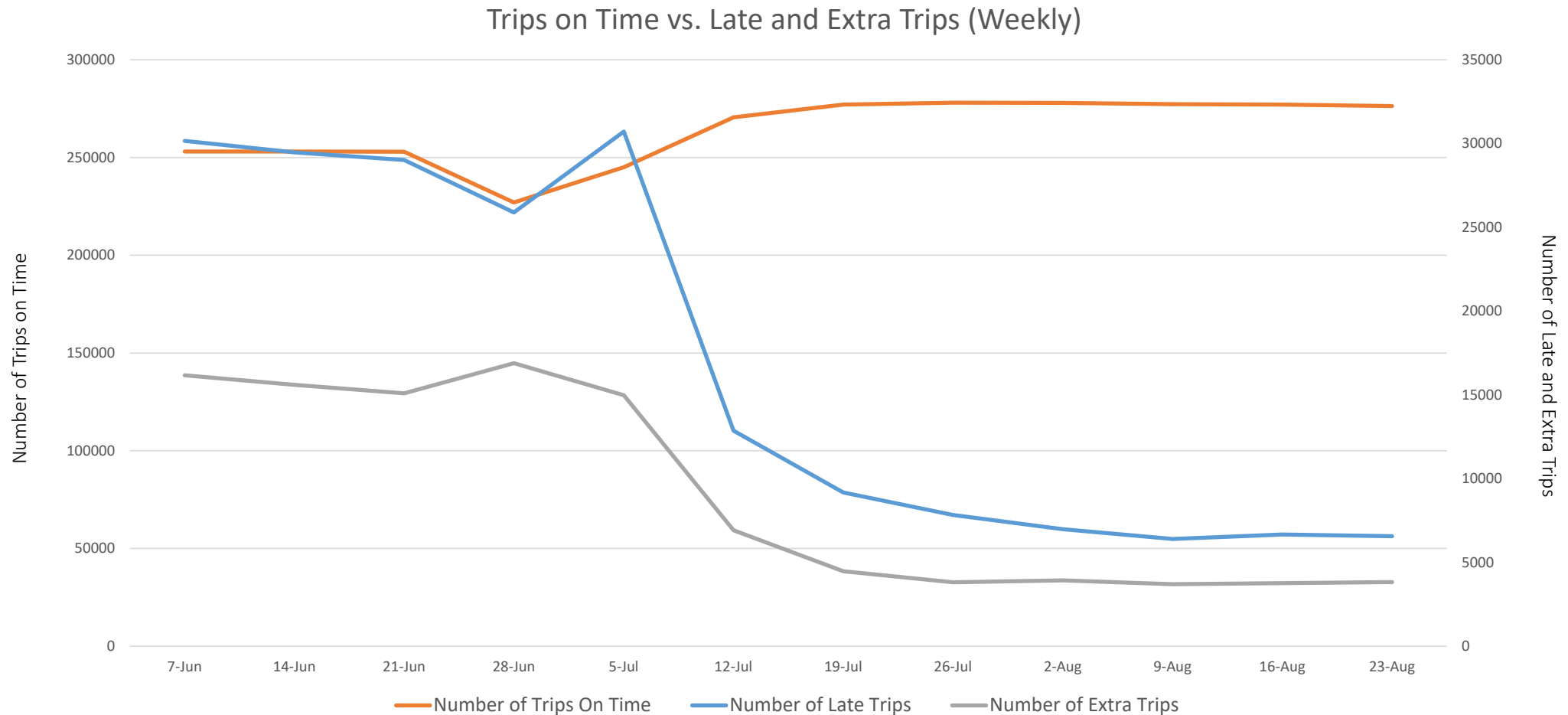
**Financial Impacts:** In FY 2019, the Postal Service spent over \$550 million extra in transportation to mitigate delays that occurred in the network:

- \$266 million in extra trips;
- \$130 million in overtime;
- \$14 million in late trips; and
- \$140 million in air freight mitigation

**Effectively aligning operational plans and a timely, consistent transportation network will improve service and reduce cost.**



# Transportation Summary



Trips on time references left axis. Late and extra trips references right axis

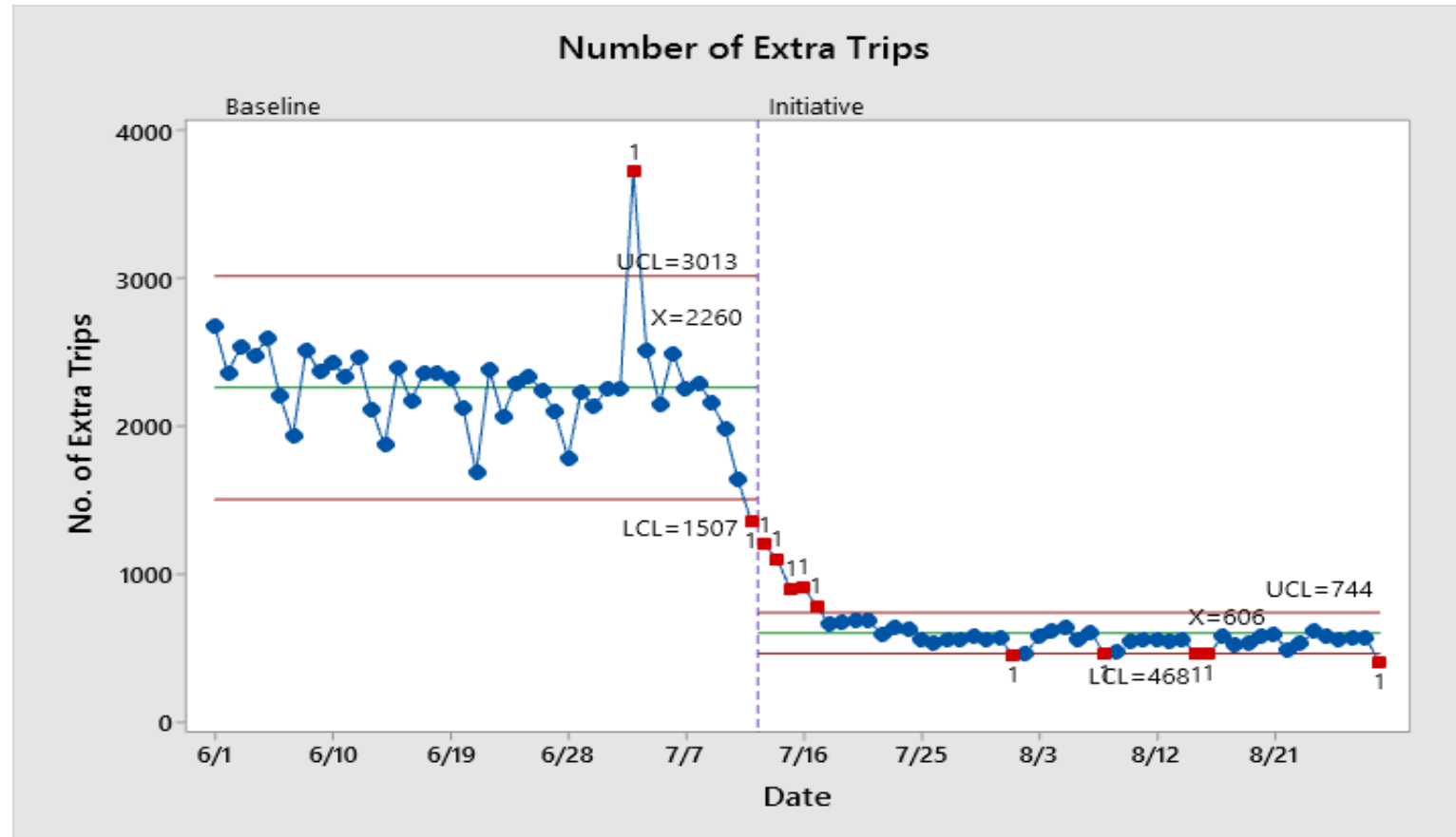
Source: SV - Surface Visibility 4







# Extra Trips Analysis



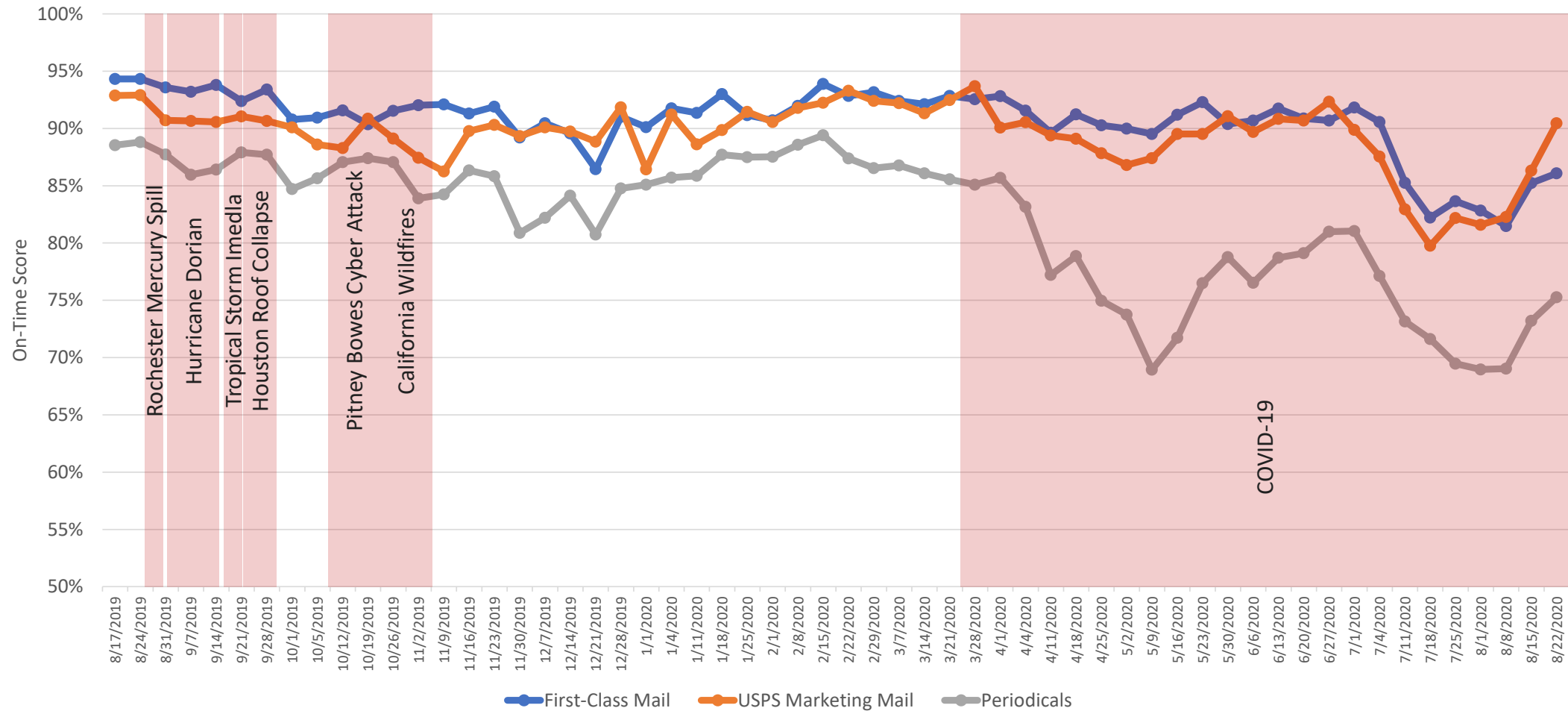


# Service Performance

Data Through 8/26/20



# Official Scores 52 Week Trend

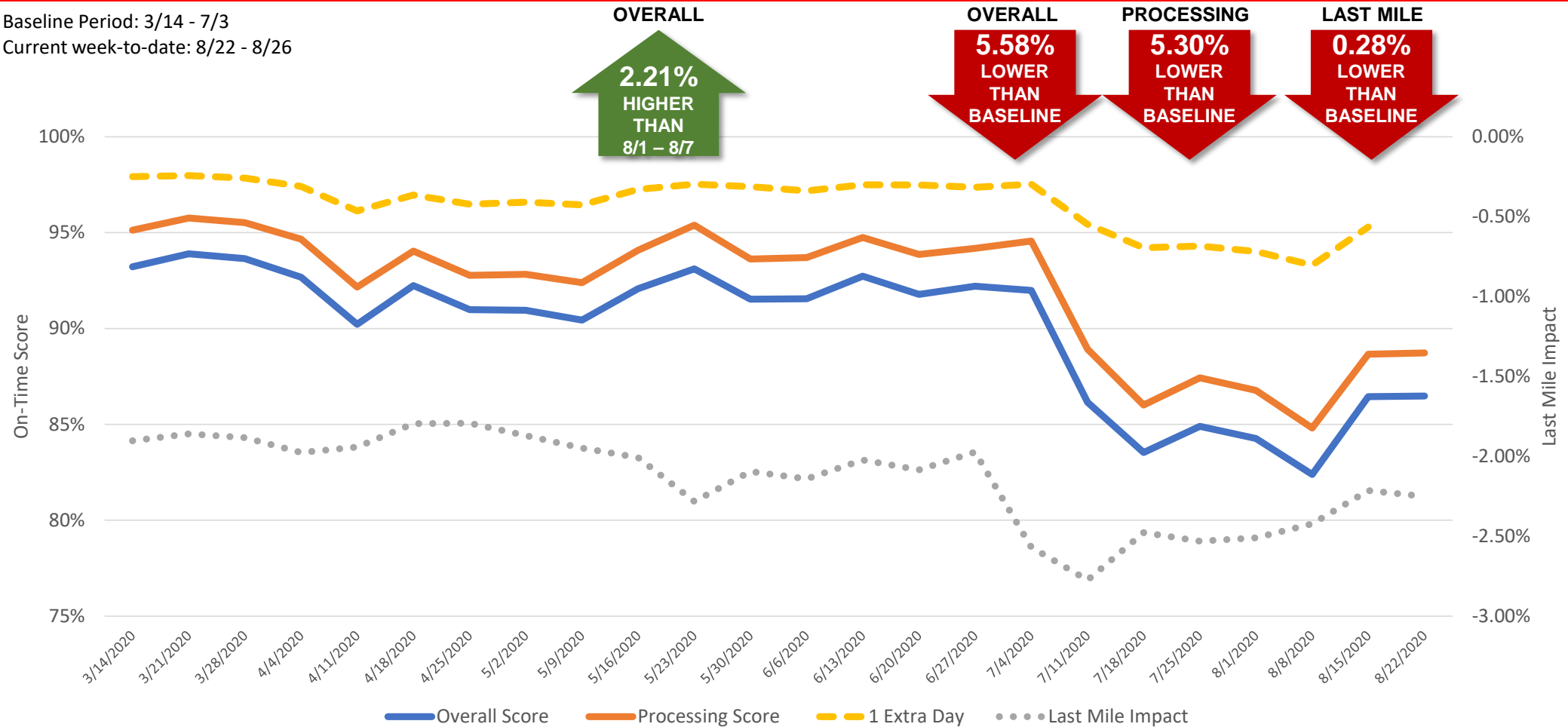


All scores for current week-to-date (week of 8/22) are through 8/26. USPS Marketing Mail score for current week-to-date does not include Saturation Mail as that data is available after the end of the week i.e. on 9/1



# Presort First-Class Mail Score Breakdown – Processing vs Last Mile

- Baseline Period: 3/14 - 7/3
- Current week-to-date: 8/22 - 8/26

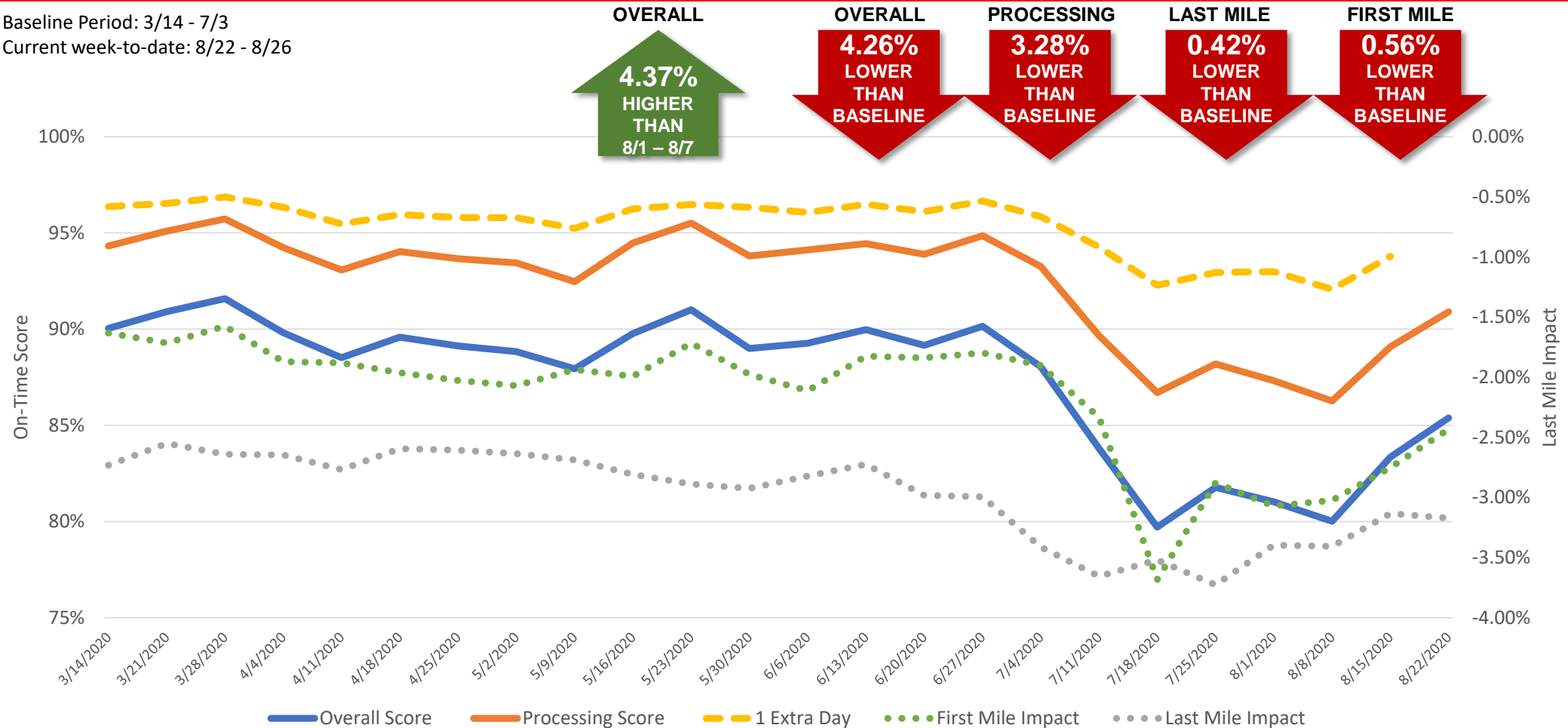


Last Mile Impact represents the score decrease caused by time spent in the last mile (from last processing scan to delivery); Processing score represents service performance from USPS possession to last processing scan measured against the service expectation; Overall score represents service performance from USPS possession to delivery (i.e. includes the last mile) measured against the service expectation; 1 Extra Day represents the overall score if the mailpiece had 1 extra day to meet service expectations; Scores are NOT weighted and may NOT match the official scores in slide 1 which are weighted.



# Single Piece First-Class Mail Score Breakdown – Processing vs First & Last Mile

- Baseline Period: 3/14 - 7/3
- Current week-to-date: 8/22 - 8/26

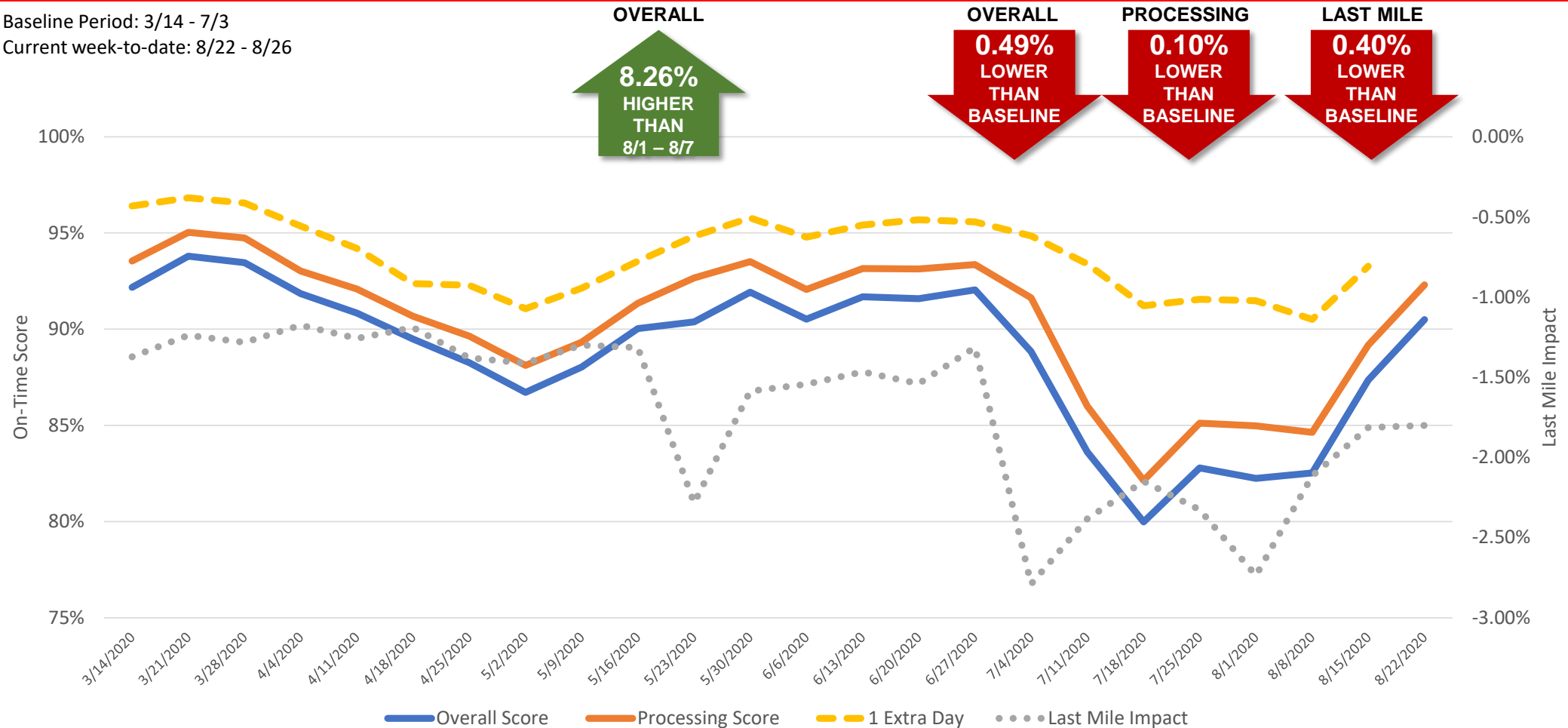


First Mile Impact represents the score decrease caused by time spent in collection; Last Mile Impact represents the score decrease caused by time spent in the last mile (from last processing scan to delivery); Processing score represents service performance from USPS possession to last processing scan measured against the service expectation; Overall score represents service performance from USPS possession to delivery measured against the service expectation; 1 Extra Day represents the overall score if the mailpiece had 1 extra day to meet service expectations; Scores are NOT weighted and may NOT match the scores on slide 1 which are weighted.



# USPS Marketing Mail Score Breakdown – Processing vs Last Mile

- Baseline Period: 3/14 - 7/3
- Current week-to-date: 8/22 - 8/26



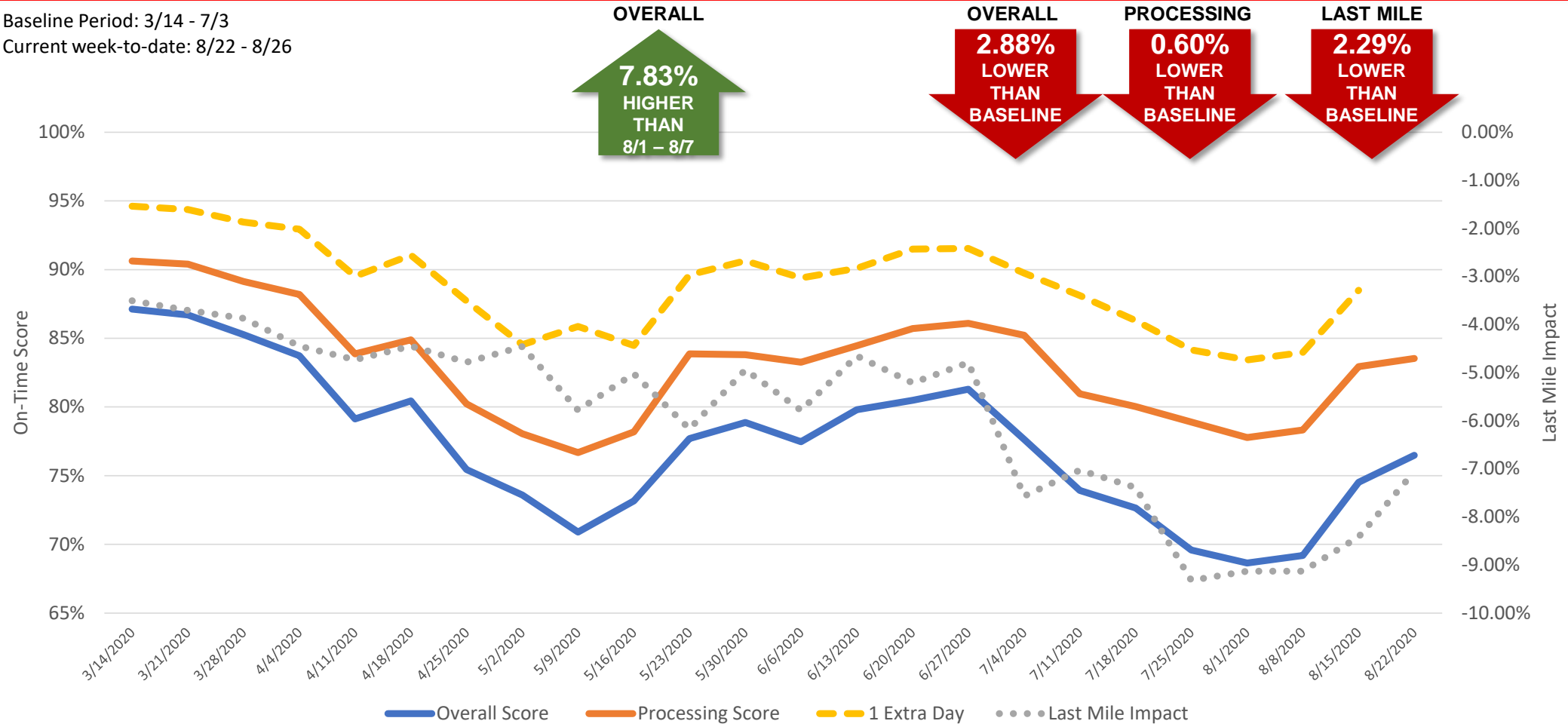
Last Mile Impact represents the score decrease caused by time spent in the last mile (from last processing scan to delivery); Processing score represents service performance from USPS possession to last processing scan at the destination plant measured against the service expectation; Overall score represents service performance from USPS possession to delivery (i.e. it includes the last mile) measured against the service expectation; 1 Extra Day represents the overall score if the mailpiece had 1 extra day to meet service expectations; Scores are NOT weighted and may NOT match the official scores in slide 1 which are weighted.





# Periodicals Score Breakdown – Processing vs Last Mile

- Baseline Period: 3/14 - 7/3
- Current week-to-date: 8/22 - 8/26



Last Mile Impact represents the score decrease caused by time spent in the last mile (from last processing scan to delivery); Processing score represents service performance from USPS possession to last processing scan at the destination plant measured against the service expectation; Overall score represents service performance from USPS possession to delivery (i.e. it includes the last mile) measured against the service expectation; 1 Extra Day represents the overall score if the mailpiece had 1 extra day to meet service expectations; Scores are NOT weighted and may NOT match the official scores in slide 1 which are weighted.

# Exhibit H

LOUIS DeJOY  
POSTMASTER GENERAL, CEO



August 31, 2020

The Honorable Ron Johnson  
Chairman  
Committee on Homeland Security  
and Governmental Affairs  
United States Senate  
Washington, DC 20510-6250

The Honorable Gary C. Peters  
Ranking Member  
Committee on Homeland Security  
and Governmental Affairs  
United States Senate  
Washington, DC 20510-6250

The Honorable Carolyn B. Maloney  
Chairwoman  
Committee on Oversight and Reform  
House of Representatives  
Washington, DC 20515-6143

The Honorable James R. Comer  
Ranking Member  
Committee on Oversight and Reform  
House of Representatives  
Washington, DC 20515-6143

Dear Chairman Johnson, Chairwoman Maloney, Senator Peters, and Congressman Comer:

During the House Committee on Oversight and Reform hearing on Monday, I committed to providing updated service performance information. Enclosed is the most up-to-date data available through August 26, 2020. Also included is up-to-date data regarding our late and extra trips.

I want to note that the internal slide deck shared by the House Oversight Committee and posted on its website reflected data through the week of August 1. With the August update that provides our most current verified information, we are seeing the expected improvements in service, which is consistent with my testimony.

**Service performance is improving and trucks continue to run on time**

As the charts show, service performance improved across all major mail categories in the weeks prior to my testimony, and this trend has continued through August, rapidly returning to early-July levels. The trends are even better for competitive products.

This recovery took place while still adhering to our existing transportation schedules. In other words, we are improving service performance while more consistently running our trucks on time.

As information, the overall percentage reflected in the charts represents service performance by the Postal Service from acceptance of a mailpiece into our system through delivery, measured against our published service standards. The solid blue line indicates the percentage of volume that is delivered within the service standard window. The yellow dotted line indicates the percentage of volume that is delivered within one day after the defined service standard.

In this regard, I am committed to improving service while ensuring that we do not incur unnecessary costs associated with an undisciplined transportation network. These trend charts show that the goals of service and adherence to operational discipline are not mutually exclusive, but go hand-in-hand.

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#### **Election mail performance data**

During the hearing, I was asked whether I could provide performance data for Election Mail. This data cannot be provided in a representatively accurate fashion as a subset of First-Class or Marketing Mail. This is because the Postal Service can only separately measure service performance for ballots accurately when such ballots have a unique IMb, which is only a subset of Election Mail. That said, the overall service performance for those classes which include Election Mail is enclosed.

#### **New regular updates to Congress**

As requested, in addition to the information attached, we will provide the House and Senate oversight committees with ongoing service performance data on a weekly basis through the end of the year. Specifically, later this week, my staff will provide weekly service performance data at a district, area, and national level from the beginning of the calendar year to present and will continue to provide weekly updates showing the previous weeks' performance going forward.

Please note that the service performance information related to our competitive products is commercially sensitive information which is protected from public disclosure pursuant to the terms of 5 U.S.C. § 552, and 39 U.S.C. § 410(c). Because of the commercial sensitivity of this information, the Postal Service respectfully requests that the committees not publicly disclose the information related to our competitive products.

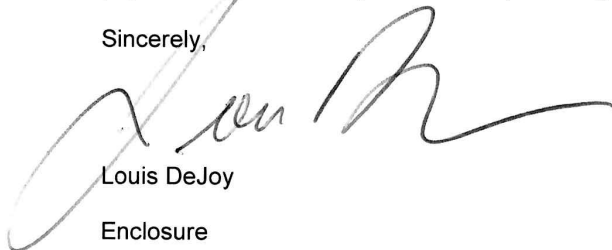
As I testified, the intervening service declines should not have happened, but the changes are fundamental and necessary, and the Postal Service is strongly committed to fixing the problems by identifying and rectifying their root causes. While there are a number of factors at play related to service performance, including pressures related to the COVID-19 pandemic, natural disasters, and other unforeseen events, I am confident that the Postal Service's performance will continue to improve overall, and that it will ultimately exceed our prior service performance levels. This is an organization-wide commitment.

#### **Accountability rests with me**

I am ultimately accountable for the decisions I have made as Postmaster General and will provide the data necessary for members of the committees to assess ongoing performance improvements.

On a final note, I look forward to working with both committees and the full Congress on needed postal reform. I appreciate the focus and bi-partisan commitment to ensuring that the U.S. Postal Service is set up for success and on firm financial footing. As I mentioned in my testimony, in addition to COVID-relief, postal reform legislation is necessary to address our unaffordable retirement payments, including Medicare integration and rationalization of our pension funding payments. I stand ready to assist as postal legislation is considered.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Louis DeJoy', is written over a light blue horizontal line. The signature is fluid and cursive.

Louis DeJoy

Enclosure

# Exhibit I



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Office of Inspector General | United States Postal Service

## Audit Report

# Service Performance of Election and Political Mail During the 2018 Midterm and Special Elections

Report Number 19XG010NO000-R20 | November 4, 2019



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# Highlights

## Objective

Our objective was to evaluate the U.S. Postal Service's performance in processing Election and Political Mail for the 2018 midterm and special elections. The Postmaster General requested this audit. We previously reviewed the Processing Readiness for Election and Political Mail for the 2018 Midterm Elections and issued a report in June 2018. Midterm and general elections are held in the U.S. every two and four years, respectively. Special elections are held outside of this cycle for specific purposes, often to fill a vacant office. The next general election will be held on Tuesday, November 3, 2020.

Election Mail is a mailpiece that an authorized election official creates for voters participating in the election process. Election Mail is generally First-Class Mail and its service standard ranges from 1-3 days. Service standards specify timeliness targets for delivering mail after receiving it from a customer. Management determines service standards based on the class of mail, where it originates, and where it is going, or destined. Generally, the farther the mail must travel, the more days for the service standard. The Postal Service measures its mail service performance against these service standards. The service performance goal for First-Class Mail is 96 percent.

Political Mail is any mailpiece mailed for political campaign purposes by a registered political candidate, a campaign committee, or a committee of a political party to promote political candidates, referendums, or political campaigns. Political Mail is Marketing Mail and its service standard ranges from 3-10 days within the Continental U.S. The target for Political Mail is 91.80; however, based on our work, we found that facilities typically process Political Mail as First-Class Mail.

After evaluating the Postal Service's performance for processing Election and Political Mail for the period January through October 2018, we conducted interviews with Postal Service plant officials at the highest and lowest performing

sites in each of the seven Postal Service areas based on service performance. In addition, we interviewed headquarters officials and area and district Political and Election Mail coordinators.

**High-performing sites** — the Seattle Priority Mail Annex, WA; and the Oklahoma City, OK; Knoxville, TN; Norfolk, VA; Southern ME; Bakersfield, CA; and Madison, WI, Processing & Distribution Centers (P&DC) were the seven highest performing locations for Election and Political Mail and averaged 99.6 percent on-time performance.

**Low-performing sites** — the Eau Claire, WI; Royal Palm, FL; Cleveland, OH; Suburban, MD; Dominick V. Daniels, NJ; Anaheim, CA; and Fox Valley, IL, P&DCs were the seven lowest performing locations for Election and Political Mail and averaged 84.2 percent on-time performance.

## What the OIG Found

We found that the Postal Service's nationwide service performance score for Election and Political Mail was 95.6 percent, or slightly below its goal of 96 percent. However, we also determined that 70 percent of Postal Service facilities with Election and Political Mail volume greater than two million mailpieces met or exceeded the service performance goal and averaged 98.3 percent on-time performance.

Management at the seven high-performing sites attributed their success to the following critical factors:

- Three had timely and frequent communication with all levels of plant staff. For example, Political and Election Mail coordinators communicated with mail processing plant, post office, and area managers to discuss potential problem areas.
- Four had personnel separate and identify Election and Political Mail from other mail in the facility to improve processing in compliance with the Election and Political mail standard operating procedures.

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Management at the seven low-performing sites attributed poor performance to the following factors:

- Six did not reassign mail processing staff to accommodate peak Election and Political Mail volume periods.
- Six encountered mailpiece design issues such as improper mailpiece size and barcodes.
- Four were unsure how to track Election and Political Mail service performance using the new Informed Visibility application.

Not meeting mail service performance goals increases the risk of customer dissatisfaction, which could lead to reduced business for the Postal Service and a

potential loss of revenue. In addition, timely delivery of Election and Political Mail is necessary to ensure the integrity of the U.S. election process.

### What the OIG Recommended

We recommended management:

- Ensure sufficient mail processing staff are assigned to appropriately process peak Election and Political Mail volume.
- Ensure continued outreach to mailers and election officials on proper mailpiece design.
- Provide training and guidance to applicable staff on obtaining Election and Political Mail service performance in the Informed Visibility application.

# Transmittal Letter



OFFICE OF INSPECTOR GENERAL  
UNITED STATES POSTAL SERVICE

November 4, 2019

**MEMORANDUM FOR:** DR. JOSHUA D. COLIN  
ACTING VICE PRESIDENT, PROCESSING  
AND MAINTENANCE

E-Signed by Inspector General  
VERIFY authenticity with eSign Desktop  
*Darrell E. Benjamin, Jr.*

**FROM:** Darrell E. Benjamin, Jr.  
Deputy Assistant Inspector General  
for Mission Operations

**SUBJECT:** Audit Report – Service Performance of Election and Political  
Mail During the 2018 Midterm and Special Elections  
(Report Number 19XG010NO000-R20)

This report presents the results of our audit of the Service Performance of Election and Political Mail During 2018 Midterm and Special Elections (Project Number 19XG010NO000).

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Margaret McDavid, Director, Network Processing, or me at 703-248-2100.

Attachment

cc: Postmaster General  
Corporate Audit Response Management  
Vice President, Sales

# Results

## Introduction/Objective

This report responds to a request from the Postmaster General to review the Service Performance of Election and Political Mail During 2018 Midterm and Special Elections (Project Number 19XG010NO000). We previously reviewed the Processing Readiness for Election and Political Mail for the 2018 Midterm Elections and issued an audit report in June 2018.<sup>1</sup> The scope of this audit was January through October 2018 while the previous audit covered the period October 2016 through December 2017. The objective of our report was to evaluate the U.S. Postal Service's performance in processing Election and Political Mail for the 2018 midterm and special elections. See [Appendix A](#) for additional information about this audit.

## Background

Midterm and general elections are held in the U.S. every two and four years, respectively. Special elections are held outside of this cycle for specific purposes, often to fill a vacant office. The next general election will be held on Tuesday, November 3, 2020.

Election Mail is a mailpiece that an authorized election official creates for voters participating in the election process. Election Mail is generally First-Class Mail and its service standard ranges from 1-3 days. Service standards specify timeliness targets for delivering mail after receiving it from a customer and are determined based on the class of mail, where it originates, and where it is going, or destined. Generally, the farther the mail must travel, the more days for the service standard. The Postal Service measures its mail service performance against these service standards.

Political Mail is any mailpiece mailed for political campaign purposes by a registered political candidate, a campaign committee, or a committee of a political party to promote a political candidate, referendum, or political campaign. Political mail is generally marketing mail and its service standard ranges from 3-10 days

within the Continental U.S. The target for Political Mail is 91.80; however, based on our work, we found that facilities typically process Political Mail as First-Class Mail. The service performance goal for First-Class Mail is 96 percent.

After evaluating the Postal Service's performance for processing Election and Political Mail for the midterm election period January through October 2018, we interviewed headquarters and area officials, as well as area and district political and election mail coordinators to determine challenges, causes for poor performance, lessons learned, and best practices. The Postal Service processed over 1.2 billion Election and Political mailpieces nationwide during this period.

---

***“The Postal Service processed over 1.2 billion Election and Political mailpieces nationwide during this period.”***

---

We also interviewed Postal Service plant officials at the highest and lowest performing sites in each of the seven Postal Service areas based on service performance to determine challenges, lessons learned, and best practices in processing Election and Political Mail for the 2018 midterm and special elections.

## Finding #1: Election and Political Mail Service Performance

The Postal Service's nationwide service performance score for Election and Political Mail was 95.6 percent, or slightly below its goal of 96 percent.<sup>2</sup> However, we also determined that 70 percent of Postal Service facilities with Election and Political Mail volume greater than two million mailpieces met or exceeded the service performance goal and averaged 98.3 percent on-time performance.<sup>3</sup>

We interviewed Postal Service plant officials at the highest and lowest performing sites in each of the seven Postal Service areas based on service performance (see [Table 1](#) and [Table 2](#)).

<sup>1</sup> *Processing Readiness for Election and Political Mail for the 2018 Midterm Elections* (Report Number NO-AR-18-007, dated June 5, 2018).

<sup>2</sup> The United States Postal Service Office of Inspector General (OIG) was unable to separate Election and Political Mail data provided by the Postal Service; hence, we used the First-Class Mail goal of 96 percent based on how facilities typically process Election and Political Mail as First-Class Mail.

<sup>3</sup> Service performance for the remaining 30 percent of the mail processing facilities is 91.6 percent.

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## Election and Political Mail Service Performance Scores



**Table 1. Election and Political Mail Service Performance Scores for High-Performing Facilities**

Site	Processing Score (percent)	First-Class Mail National Goal (percent)	Difference (percent)
Bakersfield P&DC	99.5	96.0	3.5
Knoxville P&DC	99.7	96.0	3.7
Madison P&DC	99.5	96.0	3.5
Norfolk P&DC	99.5	96.0	3.5
Oklahoma City P&DC	99.7	96.0	3.7
Seattle Priority Mail Annex	99.8	96.0	3.8
Southern ME P&DC	99.5	96.0	3.5
<b>Average</b>	<b>99.6</b>	<b>96.0</b>	<b>3.6</b>

Source: IV Election and Political Mail performance data for the period January through October 2018.

**Table 2. Election and Political Mail Service Performance Scores for Low-Performing Facilities**

Site	Processing Score (percent)	First-Class Mail National Goal (percent)	Difference (percent)
Anaheim P&DC	83.8	96.0	-12.2
Cleveland P&DC	79.4	96.0	-16.6
Dominic V. Daniels P&DC	90.9	96.0	-5.1
Eau Claire P&DC	86.6	96.0	-9.4
Fox Valley P&DC	88.8	96.0	-7.2
Royal Palm P&DC	75.7	96.0	-20.3
Suburban MD P&DC	84.2	96.0	-11.8
<b>Average</b>	<b>84.2</b>	<b>96.0</b>	<b>-11.8</b>

Source: IV Election and Political Mail performance data for the period January through October 2018.

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Management at the seven high-performing sites attributed their success to the following critical factors:

- Three (the Knoxville and Oklahoma City P&DCs and the Seattle Annex) identified timely and frequent communication with all levels of plant staff as the key to success. For example, the Knoxville P&DC stated that Election and Political Mail coordinators<sup>4</sup> communicated with mail processing plant, post office, and area managers to discuss potential problem areas. The Seattle Annex sent out emails to the facility staff to ensure they are aware of the current policies and procedures for Election and Political Mail.

*“Three identified timely and frequent communication with all levels of plant staff as the key to success.”*

- Four (the Norfolk, Southern ME, and Oklahoma P&DCs and the Seattle Annex) had personnel identify and separate Election and Political Mail from other mail at the facility to improve processing in accordance with standard operating procedures. For example, the Southern Maine P&DC placed a laminated placard on containers of Election and Political Mail while the Norfolk P&DC used bright red signage in its political mail staging area to identify Election and Political Mail.

Management at the seven low-performing sites attributed poor performance to the following factors:

- Six did not reassign mail processing staff during peak Election and Political Mail volume periods. In addition, managers at several P&DCs indicated that even after reallocating resources and using overtime hours, they were still unable to adequately handle the Election and Political Mail volume.

- Six encountered mailpiece design issues such as improper mailpiece size and illegible barcodes and addresses, which impacted the ability to process these mailpieces.
- Four were unsure how to track Election and Political Mail service performance using the new Informed Visibility (IV) application. Managers at these sites indicated that they did not understand what made up their service performance score or how IV service performance is calculated; therefore, they were unable to properly track and understand their performance during the Election and Political Mail processing season.

Not meeting mail service performance goals increases the risk of customer dissatisfaction, which could lead to reduced business for the Postal Service and a potential loss of revenue. In addition, timely delivery of Election and Political Mail is necessary to ensure the integrity of the election process.

**Recommendation #1**

The **Acting Vice President, Processing and Maintenance**, ensure sufficient mail processing staff are appropriately assigned to process peak Election and Political Mail volume.

**Recommendation #2**

The **Acting Vice President, Processing and Maintenance**, ensure continued outreach to mailers and election officials on proper mailpiece design.

**Recommendation #3**

The **Acting Vice President, Processing and Maintenance**, provide training and guidance to applicable staff on obtaining Election and Political Mail service performance in the Informed Visibility application.

<sup>4</sup> There are seven area coordinators for each of the seven Postal Service areas and 67 district lead coordinators. District lead coordinators are responsible for ensuring that meetings occur with every Election Board official in their district and mitigating any potential issues.

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## Management's Comments

Management generally agreed with the findings and agreed with the recommendations but disagreed with the OIG comparing service performance of Election and Political Mail against the First-Class Mail goal of 96 percent. Management stated that comparing all Election and Political Mail against the First-Class Mail goal of 96 percent doesn't take into account the large portion of Election and Political Mail that is sent as Marketing Mail and has a different service performance goal. Management added that mail is processed in accordance with the level of service for which postage has been paid. Management stated that since most Election and Political Mail is mailed and processed as Marketing Mail, the First-Class Mail goal should not be used to measure performance.

Regarding recommendation 1, management stated that the Postal Service has established processes to align workforce to workload. Management stated that they have put additional resources in place in locations with increased Election and Political Mail volume and they will continue to adjust staffing levels as needed.

Regarding recommendation 2, management stated that Election and Political Mail coordinators are required to contact mailers and election officials prior to an election and provide information on mailpiece design. On October 2, 2019, Postal Service management advised Election and Political Mail coordinators to continue ongoing outreach efforts with mailers and election officials. In addition, a mailpiece design analyst participated in the meeting and provided the coordinators with additional information on the design process and contact information to share with mailers and election officials. Management implemented this recommendation on October 2, 2019.

Regarding recommendation 3, management stated that they provided a demonstration on how to use IV to view Election and Political Mail processing scores to the Election and Political Mail coordinators on October 2, 2019.

See [Appendix B](#) for management's comments in their entirety.

## Evaluation of Management's Comments

The OIG considers management's comments responsive to the recommendations in the report.

Regarding the measurement of Election and Political Mail against the First-Class Mail goal of 96 percent, the Election and Political Mail data the Postal Service provided did not separate service performance scores by class of mail. Further, per our discussions with management at seven facilities and in one Postal Service area, they stated that they treat Election and Political Mail as First-Class Mail. Since the remaining seven facility managers did not object to us comparing Election and Political Mail against the First-Class Mail goal, we concluded that this was how this mail was generally handled. Accordingly, we compared Election and Political Mail against the First-Class Mail goal.

Regarding recommendation 1, the Postal Service did not provide support for its stated actions and did not provide an implementation date; therefore, we will keep this recommendation open until adequate support is provided to close it.

All recommendations require OIG concurrence before closure. The OIG requests written confirmation when corrective actions are completed. Recommendation 1 should not be closed in the Postal Service's follow-up tracking system until the OIG provides written confirmation that the recommendation can be closed. Based on the documentation provided by Postal Service management, we consider recommendations 2 and 3 closed with the issuance of this report.



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## Appendix A: Additional Information

### Scope and Methodology

The scope of our audit was Election and Political Mail processing for the 2018 midterm and special elections. To accomplish our objective, we:

- Evaluated and analyzed Postal Service data on Election and Political Mail service performance from January through October 2018.
- Identified the highest and lowest performing facilities in each of the seven Postal Service areas based on their Election and Political Mail service performance scores as shown in Table 3. We selected these facilities for site visits to identify best practices and opportunities for improvement.
- Interviewed Postal Service Headquarters, area officials, and members of the Political Mail Strike Team,<sup>5</sup> Political Mail Steering Committee,<sup>6</sup> and the Democracy Works Association;<sup>7</sup> and identified challenges, lessons learned, and best practices in the processing of Election and Political Mail.
- Requested and evaluated documentation from Postal Service area and district officials regarding action taken in preparation of the 2018 midterm and special elections to include communication amongst facility staff (e.g., facility managers and employees, area/district coordinators, etc.).

**Table 3. Facilities Selected for Review**

Postal Service Area	Mail Processing Facility
Cap Metro	Norfolk, VA (Top)   Suburban MD (Bottom)
Eastern	Knoxville, TN (Top)   Cleveland, OH (Bottom)
Great Lakes	Madison, WI (Top)   Fox Valley, IL (Bottom)
Northeast	Southern ME (Top)   Dominick V. Daniels, NJ (Bottom)
Pacific	Bakersfield, CA (Top)   Anaheim, CA (Bottom)
Southern	Oklahoma City, OK (Top)   Royal Palm, FL (Bottom)
Western	Seattle Annex, WA (Top)   Eau Claire, WI (Bottom)

Source: IV system and OIG analysis.

We conducted this performance audit from April through November 2019 in accordance with generally accepted government auditing standards and included such tests of internal controls as we considered necessary under the circumstances. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our finding and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our finding and conclusions based on our audit objective. We discussed our observations and conclusions with management on September 25, 2019, and included their comments where appropriate.

We assessed the reliability of computer-generated data from IV application by interviewing agency officials knowledgeable about the data. We determined that the data were sufficiently reliable for the purposes of this report.

<sup>5</sup> Works closely with Postal Service operations and major mailers and communicates and shares information with customers at the federal, state, and local levels.

<sup>6</sup> A cross-functional team that began in 2012 to address concerns from members of Congress, state election officials, mailers, and customers about network rationalization and its perceived impact on Election and Political Mail.

<sup>7</sup> A voter-oriented nonpartisan 501(c)(3) organization dedicated to the idea that voting should fit the way we live. They are a team of software developers, public policy wonks, and civic organizers building the tools that improve the voting experience for voters and election officials.

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### Prior Audit Coverage

Report Title	Objective	Report Number	Final Report Date	Monetary Impact
<i>Processing Readiness for Election and Political Mail for the 2018 Midterm Elections</i>	Evaluate the Postal Service's readiness for timely processing of Election and Political Mail for the 2018 Midterm Elections.	<a href="#">NO-AR-18-007</a>	6/5/2018	None

Service Performance of Election and Political Mail During the 2018 Midterm and Special Elections  
Report Number 19XG010NO000-R20

10

## Appendix B: Management's Comments

JOSHUA D. COLIN PH.D.  
VICE PRESIDENT  
PROCESSING AND MAINTENANCE OPERATIONS/A



October 28, 2019

TO: Lazerick C. Poland  
Director, Audit Operations

SUBJECT: Service Performance of Election and Political Mail During the 2018  
Midterm and Special Elections  
(Report Number: NO-AR-19-DRAFT)

Thank you for the opportunity to review and comment on the Office of Inspector General (OIG) *Service Performance of Election and Political Mail During the 2018 Midterm and Special Elections* audit. This audit found that timely delivery of Election and Political Mail is necessary to ensure the integrity of the U.S. election process. The OIG found that, while the Postal Service's nationwide service performance score for Election and Political Mail (at 95.6 percent) was slightly below the First-Class Mail goal of 96 percent, 70 percent of Postal Service facilities with Election and Political Mail volume greater than two million mailpieces met or exceeded the service performance goal and had an average on-time performance of 98.3 percent. Meeting service performance goals is important to avoiding the risk of customer dissatisfaction and revenue loss.

The Postal Service largely agrees with OIG's findings, but does not agree with the implication that the service performance for all Election and Political Mail volume should be measured against the First-Class Mail goal of 96 percent. In selecting the First-Class Mail goal as the appropriate standard, OIG did not take into account that a large portion of Election and Political Mail is sent as Marketing Mail, which has a different service performance goal than First-Class Mail. For Election Mail, the Postal Service encourages election officials to use First-Class Mail and create automation-compatible mailpieces, but election officials may send certain materials at the Non-Profit Marketing Mail rate as permitted by law. In order to provide greater visibility to Election Mail as it is being processed, the Postal Service encourages election officials to use Tag 191, Domestic and International Mail Ballots, but this is not a guarantee of First-Class Mail service. Political Mail is also usually sent as Marketing Mail, and the Postal Service encourages mailers to use Tag 57, Political Campaign Mailing to provide greater visibility to the mailing, but this is not a guarantee of First-Class Mail service. The mail is processed in accordance with the level of

475 L'ENFANT PLAZA SW RM 7015  
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202 268-3096

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service for which postage has been paid. Because most Election and Political Mail is mailed and processed as Marketing Mail, the First-Class Mail goal should not be used for measuring that volume's performance.

The Postal Service agrees with the OIG's recommendations. As part of our commitment to the Nation's election process, the Postal Service has already established a comprehensive Election and Political Mail outreach program. The Postal Service has an Election and Political Mail Steering Committee that meets on a regular basis to coordinate outreach strategies, best practices, and other educational efforts for election officials, political candidates, and mailers, and addresses issues with Election and Political Mail should they arise. Postal Service officials regularly meet with election community leaders and organizations. The Postal Service also has Election and Political Mail Coordinators in each Area and District who conduct ongoing outreach with local election officials and mailers to discuss upcoming elections, mailpiece design, and other customer concerns. Additionally, the Postal Service hosts webinars on Election and Political Mail, and provides employee service talks on standard operating procedures for processing Election and Political Mail and common processing concerns. As specifically related to OIG's recommendations, the Postal Service already has processes in place to ensure proper staffing based on volume and other factors. We have reviewed the Election and Political Mail Coordinators' duties, and provided them with additional resources regarding mailpiece design services. We have also held a training on how to use Informed Visibility (IV) as a tool to generate reports on Political Mail service performance scores, which are different from service performance goals.

**Recommendation [1]:**

The Acting Vice President, Processing and Maintenance, ensure sufficient mail processing staff are appropriately assigned to process peak Election and Political Mail volume.

**Management Response/Action Plan:**

The Postal Service agrees with the intent of this recommendation. The Postal Service has established processes to align workforce to workload. Consistent with this process, in locations with increased volume, including Election and Political Mail, resources are allocated to keep the network fluid. The Postal Service will continue to adjust staffing levels as needed.

**Target Implementation Date:**

Completed.

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**Responsible Official:**  
N/A

**Recommendation [2]:**

The Acting Vice President, Processing and Maintenance, ensure continued outreach to mailers and election officials on proper mailpiece design.

**Management Response/Action Plan:**

The Postal Service agrees with this recommendation. As explained above, the Postal Service has a robust Election and Political Mail outreach program. Election and Political Mail Coordinators are required to contact mailers and election officials prior to an election and are able to provide information on mailpiece design. On October 2, 2019, during a regularly scheduled internal biweekly Political and Election Mail teleconference, Management advised Election and Political Mail Coordinators to continue ongoing outreach efforts with mailers and election officials. A Mailpiece Design Analyst participated in the call and provided the Coordinators with additional information on the mailpiece design process and contact information to share with mailers and election officials.

**Target Implementation Date:**

Completed October 2, 2019.

**Responsible Official:**  
N/A

**Recommendation [3]:**

The Acting Vice President, Processing and Maintenance, provide training and guidance to applicable staff on obtaining Election and Political Mail service performance in the IV application.

**Management Response/Action Plan:**

The Postal Service agrees with this recommendation. Service performance scores are not the same as service performance goals. The Postal Service does not have a separate service performance *goal* for Election and Political Mail. Service performance scores are calculated at the mail class level.

IV is a program designed to provide increased visibility of the mail and provide reporting data within the mailstream. IV can be used as a tool to track service performance scores, including processing scores, for mail that meets the Postal Service's Intelligent Mail Barcode full-service requirements, including using electronic documentation and unique barcodes. While IV calculates service performance scores at the mail class level, it can also be used to isolate the scores for certain volume, including Political Mail, provided unique barcode data and electronic documentation is available.

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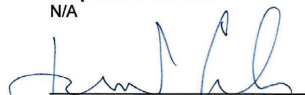
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Management provided a live demonstration to the Election and Political Mail Coordinators on how to use IV to view their Political Mail processing scores during the biweekly teleconference on October 2, 2019.

**Target Implementation Date:**  
Completed October 2, 2019.

**Responsible Official:**  
N/A



Dr. Joshua D. Colin  
Acting Vice President, Processing and Maintenance

cc:  
U.S. Postal Service Office of Inspector General's Audit Tracking Mailbox  
[REDACTED] Manager, Corporate Audit Response



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